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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Qian Qichen Views International Situation

HK2912135589 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 52, 25 Dec 89 pp 3-4

[Article by staff reporter Lin Hai (2651 3189): "During an Interview With This Reporter, Minister of Foreign Affairs Qian Qichen Talks About the Most Profound Changes in the International Situation Since the End of the War"]

[Text] Abstract: The relaxation of the superpowers' military confrontation does not mean the stabilization of the international situation. Factors leading to unrest have not been eliminated. Under certain conditions, extreme unrest will occur in some regions. The current drastic changes in East Europe have added to the unstable factors in East-West relations.

Socialism has not failed, nor has capitalism scored victory. Coexistence between countries of different social systems still remains an objective fact. Under the general trend of relaxation, conflicts between different social systems and ideologies have become more complicated and intense.

Malta is not Yalta. Since the Malta meeting, U.S.-Soviet relations have entered a period in which confrontation is diminishing and compromise and cooperation are developing. But the basic trend of U.S.-Soviet relations is still characterized by taking each other as an opponent.

The task of primary importance in China's diplomatic work is to create a stable and peaceful international environment favorable to China's economic improvement, rectification, and reform. China will not change its opening up policy. We hope that other countries will not close their doors to China. [end abstract]

The changes and developments in the international situation have drawn the attention of the people around the world. As the 1980's draw to a close and the 1990's arrive, this reporter interviewed Chinese Minister of Foreign Affairs Qian Qichen. When answering this reporter's questions, he reviewed and explained the profound changes in the international situation.

[Lin] As the 1980's will soon be over, will you talk about some particular characteristics of the international situation in the 1980's?

[Qian] In the early 1980's the escalation of the U.S.-Soviet arms race and the deterioration of regional conflicts caused extreme tension in the then international situation. After prolonged contention, neither side could change the balance of military powers; instead, both sides had heavier economic burdens to undertake. Several aggressive wars ended in failure. Thus they began to understand that military force, hegemonism, and power politics did not work.

In the mid-1980's the world economy's imbalanced development and the emergence of the new technological revolution brought about a major change in the balance of powers among some important countries. World multipolarization was becoming prominent and the positions of the United States and the Soviet Union were weakening. Under such circumstances, both countries resumed summit talks in 1985 after 6 years' suspension. Subsequently they held a meeting almost once a year. The United States and the Soviet Union signed a treaty on eliminating all medium- and short-range missiles, and they also made some progress in their talks on strategic nuclear arms, conventional weapons, and chemical weapons. Due to U.S.-Soviet dialogue, East-West relations are tending toward relaxation, regional conflicts are easing, and there are more possibilities for political solutions. On the whole, the factors of war are decreasing and the factors of peace are increasing, and it is possible to bring about long-term peace.

However, the relaxation of superpower confrontation does not mean the stabilization of the international situation. Factors causing unrest have not been eliminated, and under certain conditions extreme unrest will occur in some regions. Hegemonism, power politics, intervention in others' internal affairs, and forcing one's own will on others are frequently seen. The current drastic changes in East Europe will produce far-reaching impacts on the situation in Europe and international relations and have added to the unstable factors in East-West relations. This has aroused concern in all circles. In addition, the gap is widening between South and North economies. Due to an irrational international economic order, capital is flowing to developed countries instead of to developing countries. As a result, rich countries are becoming richer and poor countries are becoming poorer. This is very unfavorable to world peace and stability.

[Lin] While the international situation is tending toward relaxation today, conflicts between different social systems and ideologies are really tense. How do you look at this problem? Do you think the relaxed situation will be affected?

[Qian] Some politicians in the capitalist world have never concealed their intention of putting socialist countries into the orbit of capitalism. In the mid-1980's relaxation appeared in the international situation and exchanges were increasing between countries of different social systems. This was good. In the course of their reforms and developments, socialist countries have encountered difficulties and committed errors in policy, therefore the strong points of the socialist system have not been brought into full play. Thus some people in the world asserted that socialism had "failed" and capitalism could "triumph without a battle." They thought in delight that this was a "historical opportunity" for realizing peaceful evolution in socialist countries.

As a matter of fact, socialism has not failed, nor has capitalism scored victory. Coexistence between countries of different social systems is an objective fact. Since they coexist, they will conduct exchanges and observe common principles on relations, namely the Five Principles of Peaceful Coexistence.

Relaxation does not mean that there is no conflict, nor does it mean stability. Apparently, the conflicts between different social systems and ideologies have become more complicated and intense under the general trend of relaxation. If these conflicts are not handled well, they could cause regional unrest and instability in the international situation. This is very harmful to the people of the world.

[Lin] After the Malta U.S.-Soviet summit meeting, there were different views on future U.S.-Soviet relations. What do you think of the prospects for their relations?

[Qian] Malta can easily remind people of Yalta. But history will not repeat itself, and Malta is not Yalta. The Yalta conference was a postwar international political blueprint described by the big powers that won victory in World War II, whereas the Malta summit meeting was held out of U.S. and Soviet worry over the excessively rapid development of the situation in East Europe. Both sides wished to immediately know each other's intention and to prevent the situation from getting out of control and ruining their strategic interests.

Since the Malta summit meeting, U.S.-Soviet relations have entered a period in which confrontation is decreasing and compromise and cooperation are developing. Due to the drastic changes in the situation in East Europe, the United States has taken a more active attitude whereas the Soviet Union has been driven to a passive position. But these two superpowers, out of consideration for their own long-term strategic targets, will maintain the basic trend of taking each other as an opponent.

[Lin] World public opinion is very much concerned about the international situation in the 1990's. Please talk about the prospects of the world political situation in the 1990's.

[Qian] At the end of the 1980's the most profound change has taken place in the international situation since the end of the war. Of course, people around the world are concerned about the prospects of this change and its influence on world peace and human progress. But it is still difficult to predict the political situation's prospects in the 1990's. What we can foresee is this: The cold war between the East and West, the confrontation between the two blocs, and U.S.-Soviet contention for hegemony will be strongly affected. The world trend of multipolarization will develop, new forces will take shape, and regional cooperative organizations will arise. The people of the world are carrying out a struggle for peace and development. Multipolarization has emerged in the world; economic competition has become intense among the United States, Europe, and Japan; regional

cooperative organizations have developed in the Third World; and more small countries have won the right of speech in international affairs.

[Lin] The Asian-Pacific region's role is drawing more attention in the world. What do you think of the development of the situation in this region?

[Qian] This region's economic vitality began to appear in the 1960's. Now its annual economic growth rate is registered at 8 percent, higher than other regions. Economic developments of the "four small dragons" in Asia are prominent; ASEAN's economic strength is growing and its economic vitality is increasing; and China is carrying out the policy of reform and opening up and has registered a rapid economic growth.

The Asian-Pacific region is wide in area and rich in resources, particularly human resources. To cope with international competition, most Asian-Pacific countries are improving their investment environments and their labor forces' quality. They have formulated and implemented economic, scientific, and technological development strategies suitable for their own conditions and have made marked achievements in introducing foreign capital and technology, in developing labor-intensive industries, in expanding their processing industries, and in increasing exports. Many Asian-Pacific countries wish to strengthen regional economic cooperation and trade exchanges to cope with their economic developments and the increasingly intense competition in the world market. Following the world economy's regionalization, suggestions and ideas have been raised on forming Asian-Pacific regional economic cooperative organizations.

There are no opposing military blocs in the Asian-Pacific region, but there are big gaps between countries in this region, including differences in social systems, ideologies, and economic development levels. Moreover, their languages, religions, habits, and nationalities are different from each other. People generally believe that the Asian-Pacific regional cooperation's form and organization are lax, different from that of the European Economic Community. In our opinion, any Asian-Pacific regional political or economic organization will be imperfect without China's participation. China's role in this region has been recognized by countries in this region.

It is still a long way for the Asian-Pacific region to realize regional cooperation, but the prospects are very good. To make genuine progress in regional economic cooperation, maintaining peace and stability in this region is a condition of primary importance. All countries should strictly observe the Five Principles of Peaceful Coexistence, develop economic relations on the basis of equality and mutual benefit, supply each other's needs, and learn from other's strong points to offset their weaknesses. Regional cooperative organizations should be of an open type and should not practice protectionism.

[Lin] Please talk about how China will make efforts in its diplomatic work to create a good international environment for deepening reform and opening up.

[Qian] Diplomacy is the extension of domestic affairs. For the coming 2 or 3 years, we will strive to improve the economic environment, rectify the economic order, and deepen reform with the aim of developing the national economy in a sustained, stable, and coordinated manner. First, the task of primary importance in diplomatic work is to create a stable, peaceful, and favorable international environment so as to protect our national interests and state security. Second, diplomatic work should serve the policy of opening up. A problem facing us at present is the economic sanctions imposed on China by some Western countries since June this year. Economic sanctions have caused certain harm to China, but the countries imposing such sanctions have also suffered losses. Over the last few months more and more farsighted people and entrepreneurs have realized that it is unwise and impossible to isolate China. Western countries cannot but seriously treat China's strategic position and huge potential. China will not change its open policy or close its door. We hope other countries will not close their doors leading to China. Third, it is necessary to carry out other work in coordination with foreign economic relations and trade. We should protect our legitimate rights and interests in foreign economic relations so that these relations can be established on the basis of equality and mutual benefit. We should oppose all discrimination and restrictions, restore and safeguard China's legitimate position in international economic organizations, and deepen the channels of cooperation and exchange.

Today's world is full of contradictions, but countries in the world have to rely on each other. Practice has proved that a realistic attitude is to recognize the diversified nature of the world, to respect each other, and to live in harmony. To maintain world peace and stability, it is time that countries around the world made common efforts to build new international political and economic orders on the basis of peaceful coexistence.

Qian Qichen Hosts Foreign Ministry Reception

OW2912175189 Beijing XINHUA in English
1452 GMT 29 Dec 89

[Text] Beijing, December 29 (XINHUA)—The Chinese Foreign Ministry gave a new-year reception in the Great Hall of the People today for foreign diplomats and their wives.

Foreign Minister Qian Qichen extended greetings to the foreign guests at the beginning of the reception.

He said he hoped they would make new contributions to the promotion of the friendship between the Chinese people and the people of the rest of the world, and for the development of the relations between China and foreign countries in the coming year.

Some 300 foreign diplomats and representatives from more than 100 foreign embassies to China and agencies of international organizations in Beijing and their wives attended the reception.

The China oriental song and dance ensemble entertained the guests with performances.

Fang Lizhi May Leave for Australia

HK0201085390 Hong Kong PAI HSING in Chinese
No 207, 1 Jan 90, p 3

[Article by Lu Keng (7120 6972): "The Knot of Fang Lizhi May Be United before Spring Festival"]

[Text] It is expected that Fang Lizhi will be able to step out of the U.S. Embassy in Beijing and leave for a third country before 27 January, New Year's Day in the Chinese calendar. This was the understanding reached by the United States and the Chinese authorities when U.S. National Security Adviser Brent Scowcroft and U.S. Deputy Secretary of State Eagleburger were sent to visit Beijing. This was then finally endorsed by Deng Xiaoping.

Australia is the first option among the third countries where Fang may go, because Australia is on good terms with both China and the United States. Australian Vice Foreign Minister Michael Costello visited Beijing between 17 and 19 December 1989, and one of his tasks was to discuss the arrangement of Fang's trip to Australia with the Chinese authorities. When talking with the Americans on the Fang Lizhi issue, the Chinese authorities demanded that Fang Lizhi be restrained from political activities if he is to be exiled. The U.S. side indicated that as a country which respects human rights, the United States cannot make any promise on this point.

As a country which will accommodate Fang Lizhi, it seems that Australia may have first reached a certain tacit understanding with Fang Lizhi on the issue of restraining his political activities, and then reach a tacit agreement with the Chinese authorities. Thus, the Chinese authorities can account for this at home and can justify such an arrangement when facing the challenge of the hardliners.

Reportedly, Australian Prime Minister Hawke will visit Beijing in January to find the solution for untying the knot of Fang Lizhi. The solution will save the Chinese authorities' face and will enable Fang Lizhi to leave the country.

The timing of the eve of the Chinese New Year was selected according to the Chinese tradition. The most important festival for Westerners is Christmas, and the most important festival for the Chinese is the Chinese New Year. If the knot can be untied before the Chinese New Year, this will be a greatly gratifying event.

Apart from Australia, another country Fang Lizhi may go is Italy, because he is a leading member of an

international astrophysics society in Italy. This academic organization is willing to provide all conveniences for Fang to conduct research on a long-term basis, and would welcome Fang Lizhi and his wife.

However, Australia has a deeper friendship with China and has had more frequent contacts with the Chinese authorities after the Chinese mainland was opened up. Many senior CPC officials, including XINHUA Hong Kong Branch Chief Xu Jiatun, have been invited to visit Australia. The cultural circles of the two countries have also maintained close ties. After the massacre incident on 4 June occurred, the whole nation of Australia was shocked. When mourning for the dead in the incident, even Prime Minister Hawke could not help shedding tears. When I visited Australia last November, I found that the Australian people cherished deep feelings toward the Chinese mainland.

On 15 December 1989, Fang Lizhi asked his good friend, Dr Chiu Hung-yi (a senior scientist for the National Aeronautics and Space Administration of the United States and elder brother of the famous law professor, Chiu Hung-ta) to receive the Robert Kennedy Human Rights Award on his behalf. He did not agree to let his son Fang Ke receive the award on his behalf, because he thought that Fang Ke should concentrate on his studies and should not participate in political activities. Moreover, his second son Fang Zhe was still studying in Beijing, and he did not want Fang Zhe to be implicated in trouble. Fang Lizhi and Dr Chiu Hung-yi became good friends through academic exchanges. After the June 4 Incident, the U.S. Society of Astronomy held a meeting on 12 June and decided to send a letter to China to support the Chinese students' struggle for democracy, and to show deep concern for Fang Lizhi. The letter was initiated by Dr Chiu Hung-yi and signed by 300 scientists. This gave great moral support to Fang Lizhi. Fang Lizhi has not stopped his scientific research since he went to the U.S. Embassy to seek asylum. He has written two valuable essays, and one of them is an essay about his study of supernovas. Charts and tables are attached to his essays, and this shows that although living a secluded life, Fang still enjoys the conveniences for academic study, and can still get access to the latest astronomical works and publications in the world.

According to a person who is in correspondence with Fang Lizhi and his wife, but is not willing to reveal his name, the Fangs are living quietly inside the U.S. Embassy in Beijing, and are keeping in good spirits. They have not stopped their scientific research and academic studies, and are also well informed. They do not telephone anyone outside for fearing being eavesdropped upon, but they keep in correspondence with the outside world. They have learned about the visit of the U.S. special envoy to Beijing and they remain rather calm. They show the true qualities of scientists. I mentioned that when recently meeting with the Hong Kong journalist delegation headed by TA KUNG PAO Director Yang Qi, CPC Central Committee General Secretary Jiang Zemin, while hinting at the possibility of solving

the Fang Lizhi issue, said that Fang "should properly show repentance; otherwise, it is impossible to solve his problem." Then, I was told that it is impossible to make Fang Lizhi express repentance. However, in order to save the Chinese leaders' face, he may generally express regret for the incident in Tiananmen Square. In fact, all people with human feelings feel regret for what occurred in Tiananmen Square. Generally speaking, the knot of Fang Lizhi will soon be untied. This will then mitigate the fierce criticism encountered by President Bush for sending the special envoy to Beijing.

Reportage Continues on Panama Situation

UN Envoy's Speech Cited

*OW3012063789 Beijing Domestic Service in Mandarin
0300 GMT 30 Dec 89*

[From the "News" program]

[Text] According to a dispatch by our reporter (Qian Yirun) from the United Nations, a resolution demanding the immediate withdrawal of U.S. troops from Panama was adopted at the 28 December UN General Assembly meeting by a majority vote of 75 in favor, 40 abstentions, and 20 against.

The resolution, proposed jointly by nine countries, including Nicaragua, Cuba, Iran, Libya, Tanzania, and Zambia, urges the United States to immediately halt its interference in Panama, withdraw its aggressive troops from that country, and fully respect and strictly abide by the guidelines of the terms of the Panama Canal Treaty. In addition, the resolution asks the UN secretary general to monitor the Panamanian situation and to submit a report to the UN General Assembly within 24 hours after the adoption of this resolution.

Representatives from over a dozen countries, including China and the Soviet Union, addressed the meeting. Chinese representative Li Luye pointed out in his speech that the U.S. explanation using the so-called "safeguarding of democracy and human rights" to defend its invasion is a use of power politics to mock democracy and human rights and to trample on the principle of sovereignty, and is unacceptable to the international community. He strongly demanded that the United States immediately stop its invasion and unconditionally withdraw all of its aggressive troops from Panama.

UN Condemns U.S. 'Invasion'

*OW3012012189 Beijing XINHUA in English
0102 GMT 30 Dec 89*

[Text] United Nations, December 29 (XINHUA)—The U.N. General Assembly today urged the United States to immediately stop its military intervention in Panama and withdraw all its troops which invaded the Latin American country nine days ago.

The General Assembly, in adopting a resolution by a vote of 75 to 20 with 40 abstentions, "demands the

immediate cessation of the intervention and the withdrawal" of the 24,000 U.S. Armed Forces that invaded Panama on December 20 under the pretext of so-called "self-defense".

The world organization also "strongly deplores" the U.S. action which, it says in the resolution, "constitutes a flagrant violation of international law and of the independence, sovereignty and territorial integrity" of Panama.

The resolution has been the second time over the past few days that the United Nations tried to show its disagreement on the U.S. action.

Last Saturday, the U.N. Security Council failed to adopt a draft resolution presented by Nicaragua to deplore the U.S. action due to the tri-veto by three of the Council's five permanent members, Britain, France and the United States.

Today's resolution, similar in wording with the vetoed draft at the Security Council, was co-sponsored by Nicaragua and Cuba, the two countries which called for the General Assembly's urgent discussion of the U.S. action.

Introducing the resolution to the General Assembly yesterday, Nicaraguan Ambassador Alejandro Serano Caldera said that the U.S. invasion of Panama was "a serious violation of international law" and had seriously damaged the Central American peace process.

"If such behaviour was accepted," he said, "the purposes and principles of the United Nations would be set back years," he said.

As the General Assembly continued its debate on the U.S. invasion today, more than 20 countries, including Tanzania, Ghana, Vietnam, Cuba, India, the Soviet Union, Peru, China and Mexico, also joined in denouncing the U.S. action.

Chinese Ambassador Li Luyue told the General Assembly that China "deeply regrets" the veto of the draft resolution by the United States and its Western allies at the Security Council.

He said that the U.S. invasion "has not only seriously violated the purposes of the U.N. Charter and the norms governing international relations, but also run counter to the current international trend of growing relaxation and the wishes of the world's people."

"In our view," the Chinese ambassador said, "trying to explain away its guilt of invasion under the pretext of restoring democracy and protecting human rights is sheer power politics making a mockery of democracy and human rights while trampling on the principle of sovereignty."

Soviet Ambassador Aleksandr M. Belonogov also called on the General Assembly to "give a proper evaluation of the U.S. action" in Panama and urged the United States

to "renounce its power politics" by immediately withdrawing its invading forces from Panama.

Defending his government's action, U.S. Ambassador James Wilkinson called the resolution "a backward-looking resolution" and alleged that the U.S. move is in accordance with the U.N. Charter which also guarantees all states' right to use force to defend themselves when they are threatened by force.

XINHUA Roundup

OW0101170490 Beijing XINHUA in English
1632 GMT 1 Jan 90

[“Roundup: U.S. Occupying Troops Run Rampant in Panama (by He Dalong)”—XINHUA headline]

[Text] Washington, January 1 (XINHUA)—Since the occupation of Panama on December 20, the U.S. invading troops, acting as an occupying power, run rampant in Panama. The American soldiers, at will, interfered in the normal activities by foreign diplomatic missions in Panama.

The U.S. troops has been surrounding the Papal Nunciature, or Vatican Embassy, in Panama, where Gen. Manuel Noriega, former head of government and commander of Defense Forces of Panama, is holed up for political asylum.

Gen. Noriega, whom the U.S. Government wanted for a trial in the United States on the charges of being involved in international drug trafficking, escaped searches by the U.S. invading troops and entered the Vatican Embassy on December 24. Gen. Maxwell Thurman, commander of the Southern Command in Panama, asked the Vatican Embassy to hand out Noriega to the U.S. invading troops.

After the demand was refused, the U.S. military which surrounded the embassy areas set up a loud speaker near the embassy, blaring loud American rock music tunes toward the embassy round the clock.

The U.S. helicopters circled over the embassy and street lights outside the embassy were shot out by the U.S. surrounding troops.

The Vatican authorities described the U.S. harassment as “ludicrous” and “childish.” In a statement issued on December 29, the chief Vatican spokesman, Joaquin Navarro-Valls, said “an occupying power cannot interfere with the work of a diplomatic mission nor demand that a person seeking asylum in that mission be handed over to it.”

“If the person who seeks asylum is considered guilty of common crimes, it is up to the government of the country to which the diplomatic mission is accredited to ask for him to be handed over,” the statement said.

The U.S. invading troops have also been surrounding the embassies of Cuba, Nicaragua and Libya since their

occupation of Panama, blocking and checking the diplomats to enter and leave the embassies.

The U.S. occupying authorities did not allow a Nicaraguan plane carrying food and supplies for its embassy to land in a Panamanian airport.

On December 29, U.S. Marine troops searched the residence of the Nicaraguan ambassador in Panama City by force, shooting volleys into the air. But the spokesmen of the White House and the Southern Command said the U.S. troops did so because they did not know the residence is belonging to the Nicaraguan ambassador.

Since December 20, the U.S. occupying military also shot to death a Spanish journalist and entered the offices of the Spanish news agency and Spain's Iberia Air Lines for search.

While the U.S. troops run rampant in Panama, the U.S. Government was annoyed at being called "an occupying power." The spokesman of the State Department said that the U.S. troops invaded Panama "with the consent of the Government of Panama."

"That means we are not an occupying power," he added.

No matter how the U.S. Government quibbled its occupation of Panama, it was not able to escape condemnations by the people all over the world. On December 29, the United Nations General Assembly passed a resolution condemning the U.S. invasion of Panama as "flagrant violation" of international law and calling for the swift withdrawal of U.S. troops.

'Just Cause' Decried

HK0201092090 Beijing RENMIN RIBAO in Chinese
31 Dec 89 p 4

[Article by Guan Yanzhong (4619 1750 1813): "Such a 'Just Cause'"]

[Text] The United States dispatched more than 20,000 troops from its own territory and its military bases in Panama to launch a military action against Panama, the largest of its kind since the Vietnam War. It is indeed a gross mockery to crown this brazen armed aggressive act plotted for several months with "a just cause."

Please look at the consequences of this "just cause" over the past 10 days:

- The wanton and indiscriminate bombing and fierce attack by U.S. military forces have turned the building of the Panamanian National Defense Headquarters to ruins and thousands of Panamanian military officers and men to "captives." Many civilian houses have been destroyed and more than 5,000 Panamanians have become homeless.
- The U.S. military forces had chosen the still of the night to attack the densely populated urban area, killing large numbers of inhabitants including the old, women, and children. According to the apparently

reduced figures announced by the United States, more than 300 Panamanians lost their lives and many more were injured.

- The U.S. forces indiscriminately arrested officers of the former Panamanian Government and National Defense Army, and escorted some of them to the United States.
- The U.S. army killed (Juan Antonio), photographer of Spain's EL PAIS, and injured several reporters of other countries. In addition, a number of foreign reporters were offended. The tanks and armed personnel of U.S. forces also surrounded the embassies of Cuba, Nicaragua, and the Vatican in Panama. It was all the more indignant that the U.S. forces arbitrarily occupied the residence of the Nicaraguan ambassador to Panama. This lawless act is indeed rare in international relations.

In a word, the U.S. military forces have wantonly trampled on Panama's sovereignty, encroached upon the basic rights of the Panamanian people, rudely violated the basic principles of international law, and defied the purpose and principles of the UN Charter. Can all this be regarded as a "just cause" as advocated and practiced by the United States? So it seems that the so-called "justice" of the United States is tantamount to hegemonism, namely, imposing their will on others by means of armed intervention. The so-called democracy, freedom, and human rights preached by them are but out-and-out power politics.

In order to "legalize" the "just cause," some people in the United States pretentiously provided an explanation, saying that the United States exercised its "right of self-defense" stipulated in Article 51 of the UN Charter. This is sheer nonsense. According to the provisions of that article, when a member of the United Nations is under military attack, it can "exercise its natural rights of self-defense alone or together with others" before the necessary measures adopted by the Security Council to maintain international peace and security. As a matter of fact, this article has nothing to do with the U.S. military intervention of Panama. The purpose of the so-called "self-defense" of the United States is to protect its strategic interests in the Panama Canal zone. Such "right of self-defense" is but an amulet of hegemonism.

The Panamanian people have suffered from the "just cause" of the United States. The United States has done a great deal of evil in the name of "justice." After all, sham is sham. The Latin American countries have realized the "just cause" of Washington from their bitter, personal experience.

Heilongjiang Exports Labor to Other Nations

OW3112000489 Beijing XINHUA in English
1456 GMT 30 Dec 89

[Text] Harbin, December 30 (XINHUA)—Heilongjiang Province will send 11,500 workers abroad to engage in agriculture, forestry and construction next year.

Wu Wenxue, an official of the provincial commission of foreign economic relations and trade, said that about 10,000 workers will go to the Soviet Union and the rest will work in Bangladesh, Madagascar, Guyana and Guam.

Heilongjiang started to export labor across the border to the Soviet Union in 1983. This year 7,100 workers from this province have worked abroad.

United States & Canada

Radio Talk Views U.S. Effort for Peaceful Evolution

OW2912125989 Beijing in Mandarin to Taiwan
0205 GMT 27 Dec 89

[From the "Rambling Talk on Current Events" program hosted by Ming Liang]

[Text] Dear listeners, since socialist countries were established on earth, the anticommunist forces in the West have not stopped trying to eliminate the communist parties and subvert socialist countries. At the very beginning, they tried to use armed intervention to achieve their goal with one stroke. However, their plan failed. Since then, peaceful evolution has become the primary means to their goal. Yesterday, I discussed with you their tactics of using economic relations, trade, and mass media to carry out their goal of peaceful evolution and the activities they conducted to achieve a human rights system. Let us continue our discussion today.

Dear listeners, as early as when he was president, Kennedy had advocated drilling holes in the Iron Curtain and cultivating Western seeds in the crevices of the socialist system. How to cultivate the seeds? The answer is by means of ideological infiltration through personnel exchanges. When Nixon was president, he made it even more clear. He said: For the Soviet system, one of the greatest dangers it faces is the contact of its ideology, people, and society with ours. This is because such contact will sow the seeds of discontent and such seeds will someday bear the fruit of peaceful evolution.

Thus, to them, exchanges, visits, and letting students study in their country are the best way to transplant the American values into socialist countries. China, naturally, is no exception. Helms, Republican senator of the United States, has spoken in no equivocal terms in the Congress: It is time to tell the PRC that there is no free lunch. We have clear foreign policy objectives; namely, we want to place foreign students in the United States under the influence of freedom and democracy, the fundamental values of the United States. The U.S. Information Agency has made it more to the point when it openly acknowledged that enrolling Chinese students and scholars for advanced studies in the United States is a wise investment and is significant in that this will train a considerable number of future leaders of China.

Their tactics of collecting intelligence through secret channels, dragging our people into their camp, and

infiltrating our ranks are even more indispensable to their attempt to undermine the foundation of socialist countries. According to French intelligence experts and the American Rand Corporation, the United States has as many as 135,500 intelligence personnel. The British have more than 10,000 people manning its radio monitoring stations, and France also has a contingent of 3,500 intelligence personnel. Special agents trained by the U.S. Central Intelligence Agency [CIA] always act in the garb of journalists and tourists. In June last year when turmoil and rebellion took place in China, these so-called journalists were busy running about among the students. They created large volumes of rumors to mislead the common people.

This is also true in East Europe. In the first half of 1981, more than 1,000 journalists rushed to Poland. About one-tenth of them were expelled by the Polish Government for engaging in activities that had nothing to do with their jobs. The CIA's attempt on Poland began as early as in the seventies. Regarding Poland a weak link liable to be broken, they spared neither labor nor money in supporting the Polish opposition.

In conclusion, I would also like to talk about how this group of people hostile to the socialist system infiltrates our ranks by means of religion. I believe practicing religious belief is normal in all countries, regardless of the systems. It is also the right and freedom of the citizens. Religion itself stands above politics. However, the anti-communist forces in the West have ulterior motives regarding religion and have used it to engage in ideological infiltration and subvert the socialist countries.

As early as the fifties [as heard], then U.S. President Kennedy had instigated a cardinal in an East European country to promote his mother country's ties with the West, in a gradual, prudent, and peaceful way. The purpose was to cultivate the so-called the seeds of freedom. After taking office, Reagan was not second to his predecessors in this regard. In a speech to the British Parliament in 1982, he instigated the churches to participate in the peace offensive against communist countries. In recent years, in order to fully use religion to dissolve communist parties, the United States has drawn the Vatican closer to itself. Since the seventies, American presidents have all flown to Rome to have an audience with the Pope. In 1983, Shultz, then U.S. secretary of state, declared that the State Department had appropriated \$450,000 to the Vatican to cement U.S. ties with the religious leaders. The next year, the United States established formal diplomatic relations with the Vatican. In 1987, Reagan paid a special visit to the Pope and had talks with him on the U.S.-Soviet relations and the reform in the Soviet Union and East European countries.

With the United States drawing the churches closer to its side, the religious leaders naturally will work hard to serve the U.S. political purpose. For example, the pope has made a decision not to appoint cardinals from members of the government-sponsored associations of priests in East European countries; instead, he has tried

to appoint cardinals from the opposition factions or from people who refuse to cooperate with the government. Such things have taken place in Yugoslavia, Lithuania of the Soviet Union, Hungary, Poland, and Czechoslovakia. In addition to this, the pope also personally went to these countries to preach and give sermons. They openly declared that these countries should advance toward political pluralism, safeguard bourgeois human rights, and so on and so forth. The purpose of these activities is to weaken Marxist ideology and, in the end, to cause qualitative changes in the socialist countries.

Dear listeners, facts tell us that the United States and certain Western countries have spared no efforts to plan for the peaceful evolution of socialist countries. In a certain period and in a certain country, their scheme may turn into reality. However, in the long stream of development of history, capitalism has, after all, started to decline. Its evils have been thoroughly exposed. Otherwise, how could it be possible that a Communist Party-led Soviet Union was born after World War I and a large number of socialist countries were born after World War II?

It goes without saying that socialism is still very young. On the road of development, it must overcome its shortcomings and improve itself gradually. However, the system is advanced in terms of its very nature. In contrast, while possessing advanced science and technology and material wealth, capitalism has brought two world wars to mankind. Even today, powerful nations are still manipulating to stir up regional wars. They are the very ones which try to disrupt the people's peaceful life and create bloody incidents. Listeners, I believe this is the very nature of capitalism.

Students in U.S. Offer Counsel on Reform

OW3112005389 Beijing XINHUA Domestic Service
in Chinese 1459 GMT 30 Dec 89

[By reporter Qian Wenrong (6929 2429 2837)]

[Text] New York, 29 Dec (XINHUA)—Recently the Economic Society for Chinese Students in the United States held its fifth annual meeting at the U.S. University of Pittsburgh to discuss the current situation and the future prospect of China's economic reform and offer counsel to the motherland for its reform and open program.

On 23 and 24 December, over 70 Chinese students and visiting scholars from all parts of the United States held warm discussions on China's economic reform. Nearly 20 papers were read at the meeting including the "Future of China's Economy," "Choice of Policy for China's Economic Reform," "Shift of Manpower From Farming and Its Effects on Prices," and "Western Economic Sanctions on China and World Environment for China's Open Policy."

Xu Dianshi [1776 3329 4247], chairman of the organization committee of this annual meeting and a doctorate candidate of the economics department of the University of Pittsburgh said: The Economic Society for Chinese Students in the United States will continue to adhere to its principle of serving China's reform and open policy and its research on economic affairs. He also said: Society will continue to maintain ties with the motherland and strive to feed its research achievements back to the motherland.

The Economic Society for Chinese Students in the United States is the largest academic organization for Chinese students and visiting scholars in the United States. It has over 360 members including college students, post graduate students, and post-doctorate students majoring in economics.

Professor Simon, a Nobel Prize winner; President Posvar of the University of Pittsburgh; and Zheng Zhuyuan [6774 4554 0954], a professor of Chinese extraction; made speeches at the annual meeting.

Officials of the Chinese Consulate Generals in San Francisco and New York were also invited to attend the annual meeting.

Soviet Union

WEN WEI PO Editorial Views Relations

HK3012035589 Hong Kong WEN WEI PO
in Chinese 30 Dec 89 p 2

[Editorial: "China and the Soviet Union Exchange Views"]

[Text] The CPSU has sent Valentin Mikhailovich Falin, director of the International Department of the CPSU Central Committee, to visit Beijing. China has very ingeniously handled this news by briefly releasing a news item when he came and another when he left.

Before Falin's visit to China, Mikhail Gorbachev had sent a personal, hand-written letter separately to Deng Xiaoping and Jiang Zemin through the Soviet Ambassador to China. When Falin arrived in Beijing, he sent another personal, hand-written letter to Jiang Zemin. The three letters show the great importance Gorbachev attaches to Soviet-Chinese relations. Judging by this angle, Falin is also Gorbachev's special envoy. However, from beginning to end, neither the Chinese nor the Soviet media has reported Falin's talk, which means that a low-key and prudent attitude has been adopted toward Falin's visit to China.

In contrast, there were extensive media reports on the visit to China by the U.S. President's special envoy. Both the Chinese and U.S. newspapers gave extensive coverage to speeches between the Chinese and U.S. sides. Deng Xiaoping, Jiang Zemin, and Li Peng also met with the U.S. President's special envoy.

The difference here is that the United States has proceeded from a strategic angle in sending its national security advisor to China to improve Sino-U.S. relations, while the Soviet Union has sent the director of the International Department of the CPSU Central Committee to China to brief each other and exchange views. It has not sent a government official and Falin's rank is also relatively low.

Falin has also attained the desired objective in the current visit. Jiang Zemin, general secretary of the CPC Central Committee, told Falin: "Sino-Soviet relations will develop steadily on the basis of the Five Principles of Peaceful Coexistence in line with the spirit of the Sino-Soviet summit held last May and the agreement concluded then. The relations between the two parties will also grow steadily on the basis of the four principles of interparty relations."

We can thus see that the reason for the steady development in the relations between both parties lies in the principle of noninterference in each other's international affairs governing state-to-state and party-to-party relations, which was agreed upon by both parties when Gorbachev visited China last May. China's current principle remains unchanged.

In reaffirming this principle, China has naturally conveyed a message.

Having been manipulated and bullied by foreign forces, the Chinese people particularly cherish state independence and reunification. Therefore, China does not want to interfere in other countries' internal affairs, nor can it tolerate foreign countries to interfere in its internal affairs. On the questions of what road to take, what model to adopt, and how to achieve reunification, China does not want other people to criticize and gesticulate. In fact, now that the world is advancing toward detente, any act of interference in other countries' internal affairs can only damage the interest and national dignity of other countries and make state-to-state relations deteriorate. In the long run, it will only add unstable factors and increase tensions. Therefore, noninterference in each other's internal affairs is conducive to world detente, while meddling in other country's affairs runs counter to world detente and the historical trend.

Jiang Zemin stressed to Falin that we "oppose other countries interfering in our internal affairs" and that "reforms are the self-perfection of the socialist system and they must adhere to the correct direction. We must stick to the CPC's leadership and the socialist road." Obviously, these are also the views put forward when both parties exchanged views on the situation.

Due to the different national conditions, cultures, histories, and economic levels in various socialist countries, it is necessary for the people of each country to decide what steps and tactics to adopt when conducting reforms. Actions, such as taking somebody else's job into one's own hands, interfering in other countries' internal affairs

and criticizing other countries' practices according to a certain pattern, are not what a socialist country should do.

Therefore, China does not make thoughtless comments [shuo san dao si 6141 0005 6670 0934] on Soviet or East European reforms. When asked by reporters about the "new thinking" and the changing situation in Eastern Europe, Chinese officials only stressed that China respects the historic choices made by the people of other countries and will never interfere in their affairs. That is what China says and does. By comparison, some people have not done this.

Ambassadors Exchange New Year Greetings

OW3012054289 Beijing Domestic Service in Mandarin
0300 GMT 30 Dec 89

[From the "News" program]

[Text] According to our reporter [Zhang Lean] in Moscow, Yu Hongliang, Chinese ambassador to the Soviet Union, and Troyanovskiy, Soviet ambassador to China, both delivered speeches at the Moscow Radio Station in which they extended New Year greetings to the people of each other's country.

Ambassador Yu Hongliang said: This year held special importance for the Soviet and Chinese people because the common aspirations they had cherished for so many years were finally realized. These aspirations were the summit, the normalization of relations between the two countries, and the resumption of relations between the two parties. New relations between the two countries were established on the basis of the Five Principles of Peaceful Coexistence.

Ambassador Yu Hong was optimistic about the prospects for developing bilateral relations next year. He expressed the belief that the highest-level contacts will continue between the two countries in 1990, and that bilateral economic and technological cooperation will be broadened further in scope and diversified in form.

Soviet Ambassador to China Troyanovskiy said: The summit meeting held last May promoted the development of Soviet-Chinese relations in all spheres. The two sides have held important political talks since then on reducing the Armed Forces stationed along the Soviet-Chinese border and on creating an atmosphere of mutual trust, tranquility, and neighborliness. In the meantime, regular meetings have been held by the Commission on Economic, Trade, Science, and Technology Cooperation between the two governments. Contacts also have developed smoothly between the parliaments of the two countries, and the CPSU and the CPC Central Committees have sent delegations to visit one another.

The Soviet ambassador to China said that an optimistic attitude should be taken toward the future of Soviet-Chinese relations, adding that both the Soviet Union and China wish to have good and stable relations based on

friendliness and neighborliness. He pointed out that the relations between the two countries have entered a new [words indistinct] stage.

Soviet Sinologist on Relations Normalization

*OW0201011690 Moscow International Service
in Mandarin 0600 GMT 15 Dec 89*

[Text] The meeting between Soviet and Chinese leaders in May this year has greatly promoted the development of the relations between the two countries, and raised the bilateral relations to a new, higher level. The complete normalization of Sino-Soviet relations was achieved, while relations between China and major capitalist countries, particularly the United States, were worsening. For this reason, Western reporters said that the Soviet Union wanted to fill the vacuum newly created in China's relations with Western nations. Is it true? Our station reporter (Tolis Ablamov) has asked well-known Soviet sinologist Nianikov, who holds a Ph.D. in history, to answer this question.

(Nianikov) said: [Speaking in Russian, fading into announcer's Mandarin translation] It should be emphatically pointed out that, in developing Sino-Soviet relations, we have always adhered to the principle of not hurting the interests of any third country. I think the current friction between China and the United States is a temporary, surmountable tactical problem, not a long-term strategic one. For this reason, there is no such thing as imbalance in our relations with third countries. The assertion of so-called imbalance is based on the so-called Soviet-Chinese-American triangular relations. It is very proper here for me to quote Soviet Foreign Minister Shevardnadze's statement, issued on the eve of his departure for a visit to China early this year. He emphatically said then that such things as triangular relations, polygonal relations, axis relations, and so on, were old international relations.

Professor (Nianikov) added: I hold the same view. Currently, the weakening of one angle does not mean that another angle is strengthened. So, it is meaningless to appraise the situation of triangular relations. In analyzing the Soviet position, we should remember that the Soviet Union is now adhering to principles of new political thinking, and pursuing a new foreign policy. We proceed from the guidelines of the documents signed by Soviet leader Gorbachev during his visit in China. It is to our disadvantage when China's relations with the United States, Japan, or West European nations become complicated. China also holds the same view.

In conclusion, Soviet well-known sinologist Professor (Nianikov) pointed out: I have talked with many experts in international relations from Western countries. They agree with this view.

Article Considers Border Trade Prospects

*HK2912030989 Beijing JINGJI RIBAO in Chinese
13 Dec 89 p 2*

[Article by Yan Ran (0917 3595): "Bright Prospects for the Northeast Border Trade"]

[Text] The Soviet Union's Amur Region recently decided: Further expand Sino-Soviet border trade, and remove the obstacles along the border in the region.

On the Chinese side, after Heilongjiang Province actively developed border trade with the Soviet Union, Inner Mongolia and Xinjiang also rapidly developed such trade. Sources from Hulun Buir League said that in a period of about 1 year, both sides had more than 100 trade delegations visiting each other. Since this year, Hulun Buir League has had border trade contracts involving 100 million Swiss francs.

The Sino-Soviet frontier is as long as 7,000 km, and in recent years, the two countries quickly restored and developed trade and economic relations, especially border trade. According to statistics, from 1983 to 1987, the total volume of Sino-Soviet border trade was 380 million Swiss francs, and last year, it hit 600 million in just one year. At present, the region involved in Sino-Soviet border trade is expanding; other than the border areas, the further away Irkutsk Region and Sakhalin Region, and China's Jilin Province and Liaoning Province, plus some cities separately listed in the state's plan in the interior, are also taking part in the trade.

There is great potential for Sino-Soviet border trade. This potential is first manifested on: Comparatively, the Soviet Union is short of light industrial products, textile products, daily use consumption products, and various kinds of food, whereas our country is comparatively superior in the technologies for light industrial production and can turn out abundant products of great varieties. In addition, the Soviet Union's economy is better developed in the west than in the east; in the east, and in particular in Siberia, even though there are abundant resources, the population is very small, the labor force and technologies are not available, and economic attainment is relatively backward. But some of our country's provinces next to this region have abundant labor, as well as higher standards of industrial technologies and economic attainment, comparatively.

The Soviet Union has certain strong points in raw materials and primary processing products, and some domains such as the technologies for constructing underground railways, ports, and railways are particularly worth borrowing.

Recently, Premier Li Peng pointed out that opening up to the Soviet Union is also a component part of our country's reform and open door policy. In order to further develop trade between China and the Soviet Union, provinces such as Heilongjiang recently proposed the strategic idea of economic development in the border areas with opening

up to the Soviet Union as the mainstay. This is a new idea worthy of serious consideration.

Although there has been some progress in the Sino-Soviet border trade in recent years, generally speaking, the time is not long, the scope is not large, and the main pattern of trade is comparatively unitary. More efforts must be made in continued exploration.

For example, recently, trade between Heilongjiang Province and the Soviet side has adopted the flexible pattern of trade plus labor service, labor service plus trade, trade plus technology, and technology plus trade. At present, they have exported 9,400 laborers, which are very welcome.

For example, they have gradually established a number of Sino-Soviet joint venture enterprises, and started adopting the new methods of cooperation such as the "three kinds of import processing and compensation trade," the "three kinds of export processing and compensation trade," cooperative production, and contracting for projects etc.

What draws much attention is that, not long ago, the Soviet Union decided to further develop the Siberian region, and according to estimates, 80 million workers will be needed. The Siberian region is extremely short of grain, fruit, and vegetables, and there are great demands for woolen goods, knitted products, leather shoes, radios, tape recorders, cameras, furniture, and stationary; providing good chances for further expanding trade.

It seems that an active development of economic and technological cooperation alongside expansion of commodity exchange, is an inevitable trend for Sino-Soviet trade. In the foreseeable future, the emphasis on cooperation in border trade will shift from exchange of goods as the mainstay, to economic and technological cooperation and labor export as the mainstay. This is worth studying.

In addition, concerning the method of trade compensation, the feasibility of commodity compensation shifting to goods compensation, or even to money compensation, has also been of concern for the people.

Report Cites Heilongjiang Labor Exports

HK3112091289 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1427 GMT 25 Dec 89

[Text] Beijing, 25 Dec (ZHONGGUO TONGXUN SHE)—Heilongjiang Province began to send workers to the Soviet Union to provide labor services. So far, more than 5,000 workers have been sent by this province to the Soviet Union to assist the development of the Soviet Far East region.

Most workers being sent to the Soviet Union are construction workers, and some workers are lumberjacks, vegetable growers, and mechanics. They all received certain training before being sent to the Soviet Union. The contract system which is working effectively at home was also brought to the Soviet Union. The work

quantitative and qualitative norms are specified in the contracts, and this ensures the high work enthusiasm of these workers.

According to the existing contracts, Heilongjiang will send another 3,000 to 4,000 workers to the Soviet Union. The labor service cooperation between China and the Soviet Union does not involve foreign exchange. The Chinese side pays renminbi to the Chinese workers, and the pay is twice as much as their original wages. The Soviet side supplies timber, cement, and chemical fertilizer for China as compensation for the labor services.

State Farms To Send Farming Experts to USSR

SK2912010989 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 27 Dec 89

[Text] State farms in Heilongjiang Province will dispatch some 400 experts and technical peasants in 1990 to the six collective farms of the Russian Soviet Federated Socialist Republic [RSFSR] to teach them advanced technology of planting soybeans by conducting cooperative production.

According to the contract signed for the cooperation, the total acreage of soybean crops will be about 4,000 hectares. The cooperative production will be carried out by enforcing the responsibility system. By taking as a cardinal figure the average soybean output of the first 3 years, extra harvest will be distributed in line with a certain rate. The wages of Chinese experts and technical peasants, the charge of technical transfer, and the share obtained from the extra harvest will be repaid by the RSFSR through providing the supplies of fertilizer and farm machines for the province's state farms.

Northeast Asia

Jiang Zemin Reportedly Plans North Korea Visit

HK0101013690 Hong Kong SOUTH CHINA MORNING POST in English 1 Jan 90 p 8

[By Willy Wo-lap Lam]

[Text] The general secretary, Mr Jiang Zemin is planning a trip to North Korea in the spring, possibly before the convention of the National People's Congress in late March. Diplomatic sources say Mr Jiang will hold extensive talks with the North Korean leader, Mr Kim Il-sung, over the rapid changes in Eastern Europe, especially the fall of the Ceausescu administration.

It will be Mr Jiang's first trip overseas since becoming chief of the Chinese Communist Party last June.

It is the Chinese tradition for a new party chief or premier to make his first overseas trip to a "brother" country, usually a close communist ally such as North Korea. With the fall of the Ceausescu dynasty, China and North Korea are among the few communist countries which have steadfastly refused to reform.

Analysts say Mr Jiang and Mr Kim will discuss ways and means to counteract the so-called "peaceful evolution" plot by the capitalist West.

Last November, Mr Kim paid a secret visit to Beijing during which he discussed with Mr Deng Xiaoping the decline of orthodox communism in such East bloc countries as Czechoslovakia and Bulgaria.

Diplomats say the Chinese leadership is also anxious to meet Mr Kim because of his rapidly declining health.

Last month, North Korean officials told a Japanese delegation that because of health reasons, the "Great Leader" had given up smoking.

Beijing is concerned that when Mr Kim leaves the scene, North Korea may be hit by instability and it may encourage intellectuals in China to speed up their democracy movement.

At the same time, diplomats in Beijing say Mr Jiang may have postponed his trip to the Soviet Union.

Last September, the Soviet President, Mr Mikhail Gorbachev, extended an invitation to Mr Jiang to visit Moscow, and it is understood the Chinese leader had decided to make the trip in early 1990. However, analysts say, since Mr Deng and other Chinese leaders have recently lambasted Mr Gorbachev for deviating from the socialist path, Sino-Soviet relations have taken a downward turn.

During the visit of the Soviet envoy, Mr Valentin Falin, to China last week, the question of Mr Jiang's visit to Moscow was not brought up.

Japan's Kaifu To End Standstill in Bilateral Ties

*OW0101123790 Beijing Domestic Service in Mandarin
1030 GMT 1 Jan 90*

[By station's Tokyo correspondent Chen Feng; from the "National Hookup" program]

[Text] Speaking at a recent New Year news conference, Japanese Prime Minister Toshiki Kaifu said: It is unfavorable both for stability in Asia and for world peace to isolate China. Japan will put an end to the present situation of standstill that characterizes Japanese-Chinese relations.

Kaifu said: China has indicated that its reform and open policy will remain unchanged; thus, the West's continual confrontation with China is undesirable. It is unfavorable both for stability in Asia and for world peace to isolate China.

Kaifu indicated that Japan does not have the slightest intention of terminating its third yen loan to China, adding that the Japanese Government is prepared to reinstate personnel exchanges with China this spring so as to put an end to the present situation of standstill that characterizes the relations between the two countries.

Meanwhile, five Japanese steel enterprises, including the New Nippon Steel, indicated yesterday that they will together invest more than 1 trillion yen needed to cooperate with China in building a large iron and steel complex comparable to the Shanghai Baoshan Iron and Steel Complex.

Totei, Japan's largest synthetic fiber industry, also has decided to sell to the Shanghai Petrochemical Plant sets of chemical fiber production equipment worth more than 2 billion yen.

Li Ruihuan Meets Ajinomoto Group From Japan

*OW2912091589 Beijing in Japanese to Japan
0930 GMT 25 Dec 89*

[Text] On behalf of Wang Zhen, PRC vice president and honorary president of the China Association for International Friendly Contacts, Li Ruihuan, Standing Committee member of the CPC Central Committee's Political Bureau, held a banquet in Beijing yesterday evening in honor of a visiting group from Japan led by Tadafuku Toba, president of Ajinomoto Company.

At the banquet, Li Ruihuan said that Ajinomoto Company had done much work in cooperation with China, made great achievements, and served as a model for economic cooperation between China and Japan. In response, President Tadafuku Toba said that his company would continue to provide technological assistance to China and strengthen mutual cooperation.

The group led by President Tadafuku Toba arrived in Beijing on 24 December at the invitation of the China Association for International Friendly Contacts.

Li Ruihuan Meets Japanese Cultural Delegation

*OW3112095789 Beijing XINHUA in English
0912 GMT 31 Dec 89*

[Text] Beijing, December 31 (XINHUA)—Chinese Communist Party Political Bureau Standing Committee member Li Ruihuan met with a delegation from the Japan-China Cultural Exchange Association here today.

Li extended warm welcome to the visitors and wished them a happy New Year.

He spoke highly of the efforts made by Japanese friends in cultural circles over a long period to promote Japan-China friendship.

He said this friendship enjoys a broad and profound basis among the masses and the two countries share many common points in culture. He said he wished to see the two countries' cultural circles strengthen their exchanges, and the two peoples learn from each other and live in friendship from generation to generation.

Composer Dan Ikuma, who heads the delegation, said his association will continue to promote the friendly relations between the two countries.

The Japanese delegation came to China at the invitation of the China Federation of Literary and Art Circles.

Vice Premier Wu Xueqian Meets Japanese Visitors

OW2812200389 Beijing XINHUA in English
1042 GMT 28 Dec 89

[Text] Beijing, December 28 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with Shinya Totsuka, chairman of the Special Committee for Youth Program of the Japanese Liberal Democratic Party and member of the House of Representatives, and his wife here this afternoon.

Totsuka is here for a visit at the invitation of the All-China Youth Federation.

Plane Hijacker Put Under Detention in Japan

OW0101055590 Beijing in Mandarin to Taiwan
1500 GMT 31 Dec 89

[Text] According to Zhang Zhenhai, our reporter in Tokyo, the criminal who hijacked a plane belonging to the Civil Aviation Administration of China on 16 December was put under detention on 31 December by the High Public Prosecutors Office in Tokyo, Japan, in accordance with the law. It has been reported that the Japanese Government took this step at the request of the Chinese authorities.

Near East & South Asia

Editorial Views Yang Tour of Mideast

HK0201061090 Beijing RENMIN RIBAO in Chinese
29 Dec 89 p 1

[Editorial: "Increase Understanding, Strengthen Friendship, and Expand Cooperation—Congratulating President Yang Shangkun's Successful Visits to Four Asian and African Countries"]

[Text] President Yang Shangkun has ended his official visits to the Arab Republic of Egypt, United Arab Emirates, Kuwait, and Sultanate of Oman. His visits have increased China's friendly and cooperative relations with these four Asian and African countries in the political and economic fields, and so on. President Yang's visits have not only pushed China's friendship with them to a new stage, but also added a new chapter to the history of friendly cooperation between China and the Third World. We warmly hail the complete success of President Yang's visits to the four Asian-African countries.

President Yang's recent visits to the four Asian and African countries are the first visits of the president of our country to foreign countries after quelling the counterrevolutionary rebellion in our country. This has shown that our country's political and economic situation is stable, that our policy of reform and opening up

remains unchanged, and that our foreign policy of developing friendly and cooperative relations with various countries on the basis of the Five Principles of Peaceful Coexistence remains unchanged. The visits are matter of primary and profound significance.

Developing friendly and cooperative relations with the Third World countries is the foothold of our country's foreign policy. Egypt, United Arab Emirates, Kuwait, and Oman are our close friends. Historically, our country had friendly contacts with them. After establishing diplomatic relations, such friendship has been further developed. China and these four Asian and African countries are Third World countries. We have the same historical experiences of being oppressed and exploited by foreign countries, and are facing the common task of defending the independence and sovereignty of our countries, and developing our economy.

President Yang's visits to the four Asian and African countries captured widespread attention of international public opinion. During the visits, President Yang and his party were given a red carpet reception, and were warmly welcomed by the governments and peoples of the four countries. During a short period of 11 days, President Yang and leaders of the four countries held several meetings and talks to exchange views on strengthening bilateral relations and international issues of common concern, and have achieved extensive unanimity. President Yang and leaders of the four countries also briefed each other on their domestic situation and foreign policy. Leaders of the four countries were happy with the stable political and economic situation in China. President Yang's successful visits at the invitation of the four Asian and African countries have fully shown that the Third World countries are the true friends of the Chinese people.

China has continuously developed its friendly and cooperative relations with the four Asian and African countries because we share a solid political basis, and observe the Five Principles of Peaceful Coexistence. Facts have proved that the Five Principles of Peaceful Coexistence have a very strong vitality, and that they are the basic principles for governing good neighborly relations between countries. The Five Principles of Peaceful Coexistence have reflected the essence of new international relations, and basic interests of all countries. They are correct principles for governing international relations, which have been tested by practice.

Peace and development are the two main themes in the contemporary world. At present, great changes have taken place in the international situation. Hegemonism has increasingly gone nowhere. However, power politics has not stepped down from the international arena. In international contacts, events of making use of various means to interfere in other countries' internal affairs have occurred from time to time. This has violated the norms governing international relations, and has been harmful to easing international tensions. People of various countries desire a peaceful and stable international

environment for developing production and promoting construction in their own countries. The Chinese people are determined to make unswerving and unremitting efforts to strengthen unity with people of various countries, continue to oppose hegemonism, defend world peace, and establish a new international political and economic order.

The problem of the Middle East is a flashpoint problem of the world. Over the past year, positive changes have taken place in the political situation of the Middle East. The possibility for solving the problem of the Middle East through political means has been further enhanced. Egypt and other Arab nations have been exerting unremitting efforts to promote the settlement of the Middle East problem. The Chinese Government appreciates the positive efforts of President Mubarak in promoting the peaceful process of the Middle East. We firmly and unswervingly support the just cause of the Palestinian and Arab peoples. We believe that solving the Middle East problem through political means is the best option. We support an international conference under the auspices of the United Nations on peace in the Middle East to solve the problem of the Middle East in a just, rational, and all-around way.

It is our established policy to develop friendly and cooperative relations with various gulf countries. We appreciate positive contribution made by the gulf countries to defending regional security and stability, and promoting the process of peace talks between Iran and Iraq. We hope that the gulf countries will join their effort for their own prosperity, and strengthen their cooperation in the interest of their common development.

Although President Yang's visits to the four Asian and African countries were short, the achievements were great. Through the visits, China's friendly and cooperative relations with the four Asian and African countries will develop to a new level. We sincerely wish that friendship between China, Egypt, the United Arab Emirates, Kuwait, and Oman will further develop.

Trade Representative Meets Saudi Foreign Minister

OW2912094189 Beijing XINHUA Domestic Service in Chinese 0612 GMT 27 Dec 89

[Text] Beijing, 27 Dec (XINHUA)—Sa'ud al-Faysal al Sa'ud, foreign minister of Saudi Arabia, met with Sun Bigan, trade representative of China in Saudi Arabia, in Riyadh on 26 December.

During the meeting, which was held in a friendly atmosphere, Sun Bigan handed Foreign Minister al-Faysal a letter from his Chinese counterpart, Qian Qichen.

Sun Bigan arrived in Riyadh, the capital of Saudi Arabia, on 4 December.

Radio, TV Protocol Signed With Jordan

OW2912012189 Beijing XINHUA in English 1843 GMT 28 Dec 89

[Text] Amman, December 28 (XINHUA)—A protocol was signed here today between China and Jordan on cooperation in the fields of radio and television.

The protocol calls for regular exchanges of radio and television programs, particularly those of interest to children, as well as those related to culture, sports, arts and national events.

The two sides also agreed on the exchange of visits by delegations, experts and correspondents in the field of radio and television.

Beijing Reception Marks Nepalese King's Birthday

OW2912032389 Beijing XINHUA in English 1529 GMT 28 Dec 89

[Text] Beijing, December 28 (XINHUA)—Nepalese Ambassador to China N.B. Khatri gave a reception in the Nepalese Embassy here today to mark the 45th birthday of King Birendra Bir Bikram Shah Dev.

Ngapoi Ngawang Jigme, vice-chairman of the Standing Committee of the National People's Congress, attended the reception.

West Europe

NPC Ratifies Consular Treaty With Turkey

OW2812224989 Beijing XINHUA Domestic Service in Chinese 1114 GMT 26 Dec 89

[Text] Beijing, 26 Dec (XINHUA)—The decision of the National People's Congress [NPC] Standing Committee on ratifying the "Consular Treaty of the People's Republic of China and the Republic of Turkey"

Adopted on 26 December 1980

The 11th session of the 7th National People's Congress Standing Committee decides to ratify the "Consular Treaty of the People's Republic of China and the Republic of Turkey" signed by Vice Minister of Foreign Affairs Qi Huaiyuan on behalf of the People's Republic of China in Beijing on 6 June, 1989.

French Chain To Open Five More Hotels

HK0201015990 Hong Kong HONGKONG STANDARD (BUSINESS STANDARD) in English 2 Jan 90 p 1

[By Lotte Chow]

[Text] Paris-based Accor will open five more hotels in China in the next nine months, reflecting the group's confidence in the mainland's tourist market.

While some investors had shied away from tourism-related projects in China since last June, Accor had stood firm, said Philippe Lamy, Accor's senior vice-president for Asia.

"We won't be deterred by just one incident," Mr Lamy said.

"China is too big a market and too strong a financial power to ignore," he said.

"And as there will always be tourist interest in the mainland, we're looking at our commitment for the long term."

Mr Lamy stressed that his company only managed and did not have equity in the China properties.

"But in the future, we would like to have some," he said, adding that in view of the changes taking place in Eastern Europe, China might change in the next few years as well.

The French hotel-management, catering service and restaurant conglomerate currently operates the 460-room Novotel Jiang Nan in Guangzhou.

It will open hotels in Guilin in May, Xian and Shanghai in June, Xiamen in September and Beijing in October.

In 1991 and 1992, the group will open two more hotels in Xian and Shanghai.

All the Accor-managed hotels in China cater to the middle market. "The market profile in every city shows that the inventory of five-star hotels is larger than it should be, whereas the critical growth requirement is in the middle market, which is not as well served," Mr Lamy said.

"Using an airline's classification, our hotel is not first-class or economy class but business class."

To strengthen Accor's ties with the mainland, the company's division president, Raymond Capdevila, attended a seminar for Accor and Chinese partners from December 11 to 13 in Xian. Twenty-eight people from 11 tourism-related organisations participated.

Having established its presence in Asia, Accor intended to fortify those ties in the next decade, Mr Lamy said.

"After Europe, Asia is our most important base," he said.

The group entered the Asian market in 1982, when it opened the 463-room Novotel Orchid Inn in Singapore.

Today, it operates six hotels in Thailand, five in Tahiti, one in Singapore, one in South Korea, one in Malaysia and one in New Caledonia.

Mr Lamy said his company saw tremendous potential in the Far East hotel market.

"There is a huge market within Asia itself. In addition to attracting European and American travellers, tourism within the region will certainly expand in the coming years," he said.

At the end of 1988, the Paris Stock Exchange-listed company reported 700 hotels in operation worldwide, more than half in France.

Cargo Vessel Delivered to Belgian Client

*OW2912041989 Beijing XINHUA in English
0243 GMT 29 Dec 89*

[Text] Dalian, December 29 (XINHUA)—The first roll-on and roll-off cargo vessel built by China for export was delivered to a Belgian client Thursday.

The vessel was built by the Dalian shipyard in Liaoning Province of northeast China.

With a loading capacity of 7,200 tons, the ship is able to accommodate 514 standard containers and 75 cars.

East Europe

Article Reviews Reaction to Ceausescu's Death

*HK0201081290 Hong Kong CHENG MING
in Chinese No 147, 1 Jan 90 p 9*

[Article by special correspondent Mai Kuo (7796 2654): "When the News of the Death of Ceausescu Spread to Beijing"]

[Text] The news of Romanian tyrant Ceausescu's execution announced by the Central Television today (26 December) evoked repercussions among Beijing's intellectual circles. At around 1300 in the afternoon, the number of armed police and soldiers near a number of institutions and universities suddenly increased. When Central Television broadcast the news of Ceausescu's execution at 1500, Beijing residents, lit up with pleasure, ran around spreading the news.

The Beijing Municipal CPC Committee, Beijing's hard-line fortress, held an emergency meeting at 1400 the same day. At the meeting, Chen Xitong said: "A counterrevolutionary coup d'etat has taken place in Romania and Ceausescu has been executed by the counterrevolutionaries at home and abroad in collaboration. Central Television will announce this news this evening. All units should take note of the ideological trends of the masses." In a cold manner, Chen continued: "We should take note of all universities and colleges and focus our attention on the university areas. We trust the working class and believe that no problems will occur in factories."

In the evening, more than 100 students from Beijing University and Beijing Teachers' University beat drums and gongs to greet the news. Two posters which read "Long live the Romanian people" and "Dictators are doomed to die" were put up on the wall of the Beijing

University canteen. Some 20 minutes later, however, the posters were torn down personally by the newly appointed deputy party committee Secretary Lin Yanzhi and his followers. Lin urged the students not to create any trouble. The students surrounded Lin and six others for about 10 minutes. Two of the students asked: "You can block our mouths, but can you block our thinking?" The students burst into laughter and applause when one of them shouted: "Shoot Ceausescu, Long Live Deng-Li-Yang!" Lin Yanzhi said in a calm manner: "What are you up to? Do you regard it a pleasure to create trouble?" To stop the students from stirring up trouble, Lin warned them to behave themselves as Beijing is still under martial law!

A well-informed official source disclosed that the Political Bureau of the CPC Central Committee held an emergency meeting at 2230 on 26 December. Maintaining stability of the current situation is an overriding task of great importance. The lifting of martial law was taken into account, the source said, but now it seems that this will be impossible because there is bound to be trouble at the square once the troops withdraw. Regarding foreign reports about Ceausescu's plan to fly to Beijing, the source said, the CPC indeed had this idea: Ceausescu can come to Beijing if he has no other way out. "He can't go anywhere else. He asked us to send an airplane to pick him up, but he was arrested when the airplane just reached halfway. Everything could be resolved if he were still alive. Sihanouk arrived in Beijing in the 1970's. His problems could be resolved because he is still alive." An intellectual in Beijing concerned with international trends said: "If Ceausescu had known his fate, he would have stayed in Iran instead of returning home."

Chinese students in Romania are particularly excited with the news of Ceausescu's execution. They told each other the news and even informed their distant Romanian and Chinese friends by telephone.

'Secret Reason' Revealed for Aid to Romania

*HK0101072490 Hong Kong MING PAO in Chinese
1 Jan 90 p 2*

["Special dispatch": "Secret Reason for China's Aid to Romania"]

[Text] Informed sources revealed that during his recent visit to Romania, Qiao Shi, member of the Standing Committee of the Political Bureau of the CPC Central Committee, introduced to Ceausescu China's experience of suppressing the democratic movement. It was learned that the Romanian National Salvation Front Committee had said it would make public all the details. That is why the CPC gave immediate recognition and aid to the new government of Romania so as to improve bilateral relations.

Article Views East Europe Situation

*HK3012062289 Hong Kong MING PAO in Chinese
30 Dec 89 p 2*

["Special" article: "The Plenary Meeting of the Political Bureau Discusses the Great Changes in Eastern Europe"]

[Text] Subsequent to the armed suppression of the Romanian democratic movement by Ceausescu, former leader of the Romanian Communist Party, the Political Bureau of the CPC Central Committee immediately held a plenary meeting on 20 December (Wednesday of last week) to discuss the situation in Eastern Europe and Romania, and the countermeasures. It was the principle of the Chinese official propaganda media quickly reporting the news about Ceausescu falling from power that was determined by this meeting.

The meeting on that day held: It is necessary to quickly enable the people throughout our country to know that the concept of the reform of Eastern Europe differs from that of the reform of China. It is socialist reform in China, but it is not reform, but capitalism, that was restored in Eastern Europe. The first change in Eastern Europe was to discard communist party leadership and the second to carry out the completely free market economy. It is, therefore, necessary to teach the people throughout our country to distinguish the differences between both of them.

The meeting also held: It is essential to make the people throughout our country understand the following several differences between China and Eastern Europe:

1. The nature of the parties is different. The CPC is a Marxist political party that has been armed with Marxism-Leninism-Mao Zedong Thought and grown up in a long-term armed struggle, whereas the communist parties of Eastern Europe are influenced by the Third International and belong to a political party of democratic socialism.
2. The nature of their armies is different. The Liberation Army is an Army that has stood the test of a protracted revolutionary war, proved to be an Army with fairly high combat effectiveness, been armed with Marxism-Leninism-Mao Zedong Thought, and been under the absolute leadership of the party, while the armies of Eastern Europe have been reestablished from their old armies.
3. The roads to liberation are different. China was liberated by itself, whereas Eastern Europe was liberated on the strength of the Red Army of the Soviet Union.
4. The cultural traditions, historical traditions, and geographic relations are different. China has never yielded to any foreign country and the majority of its neighboring countries are friendly; it is not like Eastern Europe that is encircled by capitalist countries.

5. The CPC has integrated the basic principles of Marxism with the realities of China, bringing about Mao Zedong Thought.

While CPC Central Committee General Secretary Jiang Zemin was meeting with the Beijing-visiting group of Hong Kong press circles on 21 December, he emphatically expounded the above-mentioned five points. It seems that it was by no means fortuitous that the CPC authorities fixed the time for Jiang Zemin and Political Bureau Standing Committee Member Li Ruihuan, who is in charge of propaganda, to meet the Hong Kong press circles on 21 December.

It was learned that the meeting estimated that the incident of reform in Eastern Europe would produce an influence on China in two different aspects, that the people who were originally good and honest but had been affected by Western ideas would correct their attitude from this time on, and that the other people who had adhered to bourgeois liberalization would be encouraged. The meeting, therefore, stressed: It is imperative to continue opening up, to do a good job in the economy, to eliminate corruption, and to adhere to the four cardinal principles.

After the Political Bureau members studied the situation of sudden changes in Eastern Europe, they unanimously held that such rapid changes in the various countries of Eastern Europe had been completely unexpected and had not been estimated by China, the United States, Western Europe, and even Eastern Europe itself.

The meeting boiled down the reasons for the changes in Eastern Europe this time to three points: 1) They were affected by the long-term "peaceful evolution" of the Western capitalist countries; 2) these countries did not do a good job in the economy, were unwilling to carry out reform, were corrupt politically, and had the practice of appointing people by favoritism, arousing the masses' strong dissatisfaction; 3) they were under the influence of the new thinking of Gorbachev, leader of the Soviet Communist Party and the changes in Eastern Europe were the results of Gorbachev's connivance and support.

At the meeting of the Political Bureau, Jiang Zemin spoke, emphasizing: China must have confidence in

itself and adhere to the socialist road. While he was mentioning the demonstration with the slogans "Adhere to reform" and "Why is China so poor?" that was staged by Beijing Aerospace Institute students on 9 December, he considered that there was no mistaking what it was aimed at. He said that the cadres should do less in keeping up appearances, and go deep into the grass roots and among the masses.

Jiang Zemin declared: The central authorities estimate that the situation in Eastern Europe will continue to develop, Eastern Europe will be in a turbulent and chaotic state for a long period of time; its economic problems are numerous and it is not easy to solve them. It is, therefore, now very hard to say how Eastern Europe will develop in the future.

At the meeting, Li Peng said that the changes in Eastern Europe proved that the resolute measures adopted by the central authorities on "4 June" were correct. "I already said that history proved that we were correct. Now, we do not need history to prove the realities that we have already been able to prove."

Oceangoing Freighters Exported to East Europe

*OW2912010289 Beijing XINHUA in English
1434 GMT 28 Dec 89*

[Text] Tianjin, December 28 (XINHUA)—The China National Machinery Import and Export Corporation has turned over four 7,000-dwt-class oceangoing freighters to Czechoslovakia at Tianjin City.

This is the corporation's first sale to Eastern Europe, according to a corporation official.

The four vessels, manufactured by the Tianjin-based Xingang shipyard, are equipped with satellite navigation systems. The main engines and deck equipment meet the standards of Lloyd's Register of Shipping.

The corporation has sold 22 ships totalling 400,000 dwt to companies in Switzerland, Singapore, the Federal Republic of Germany and the Hong Kong region since 1985, the official said.

It has received orders from Bangladesh and Thailand.

Political & Social**Deng Orders Full Alert for PLA****Party Document Cited**

HK0201022990 Hong Kong SOUTH CHINA
MORNING POST in English 2 Jan 90 p 10

[By Willy Wo-lap Lam]

[Text] The Chinese Communist Party has put the Army in the Beijing region on full alert until the Lunar New Year, according to an internal party document that began circulating among senior party and army officials on Christmas Day.

A report in the Japanese newspaper MAINICHI SHIMBUN said the document quoted latest instructions from the senior leader, Mr Deng Xiaoping, on increasing party control over the military to prevent an outbreak of a Romanian-style revolution in China.

During the period of full alert, lower-level military units in other parts of China must immediately report local disturbances to the Central Military Commission in Beijing, and not to their regional military commanders.

Analysts say it is the first time since 1949 that the People's Liberation Army has adopted such extraordinary measures.

The party document quoted Mr Deng as saying the revolution in Romania had both internal and external causes.

"Internally, (deposed Romanian leader) Ceausescu refused all reform," Mr Deng reportedly said. "More important, military officers took part in the rebellion".

As for external reasons, Mr Deng cited the spread of the new thinking by Soviet President, Mr Mikhail Gorbachev, the liberalisation movements in such East bloc countries as Hungary and Poland, and peaceful evolution tactics by the capitalist West.

The document quoted Mr Deng as asking all party members and cadres, especially military cadres to strictly obey the party.

Mr Deng also indicated that under extraordinary times, the party Central Military Commission must exercise direct control over military units nationwide.

In accordance with the principle of promoting party control, the political commissar of each military unit has been given extra authority over not only ideological indoctrination but also operational matters.

As the party is boosting military control, Beijing has indicated it is concerned over the falling living standard of city workers, the one social sector the leaders are most afraid of creating civil disturbances.

In a seminar with a group of journalists in Beijing yesterday, the State Council spokesman, Mr Yuan Mu, said the austerity campaign Beijing was pursuing did not mean the Government wanted the living standard of the general populace to go down.

"In the course of curing and restructuring the economy, some enterprises have closed down or halved production levels and the income of some workers have been affected," he said.

Mr Yuan also indicated the Government was concerned about the excessive burden on farmers.

He indicated it was imperative to assure peasants that reform policies begun in the early 1980s would not change.

"We must stress the stable nature and continuity of rural reform policies—and that these policies will be consolidated and perfected," Mr Yuan said.

Attacks on Zhao Renewed

HK3012004989 Hong Kong SOUTH CHINA
MORNING POST in English 30 Dec 89 pp 1, 10

[From John Kohut and Seth Faison in Beijing and Willy Wo-lap Lam]

[Text] The Martial Law Command in Beijing has placed the Army and police in the capital on full alert to forestall the possible outbreak of large-scale demonstrations and civil disturbances in the wake of the Romanian revolution.

Chinese sources said more than 100,000 People's Liberation Army (PLA) soldiers and People's Armed Police (PAP) in the capital were on first-degree readiness.

All leave has been cancelled. Fresh consignments of PAP officers—mostly plain-clothes policemen—have been sent to potential trouble spots such as the college district in the northwestern part of the city as well as to national television and radio stations.

At the same time, the Chinese media has launched fresh attacks against the ousted reformist and former Communist Party general secretary, Mr Zhao Ziyang.

Instead of promoting the Four Cardinal Principles of Marxism, Mr Zhao talked only about "unity, democracy, harmony and concord," a newspaper article said.

Fresh announcements have also been made in Beijing, banning unauthorised gatherings and demonstrations in Tiananmen Square.

"No gatherings, rallies or demonstrations may be held in Tiananmen Square ... without prior permission from the State Council or municipal government," the official media reported yesterday.

The measure was passed by the Beijing city council on Thursday and took immediate effect in the square, the hotbed for the "rebellion" in May and June.

Soon after the student demonstrations in December 1986, the Beijing municipal government passed stiff laws restricting citizens from holding demonstrations and rallies.

Analysts say that the latest ban, with specific reference to Tiananmen Square, served as a further warning to prevent campus activists from taking to the streets.

Chinese sources said yesterday that orders had been issued to soldiers and police to put down demonstrations and other signs of trouble as soon as they arose and to prevent them from spreading.

Specific instructions were given to deal with the college district, the most likely flashpoint in any new unrest.

For example, if a rally took place at one college, the disturbance must be confined within that institution and the troublemakers immediately arrested.

Yesterday, no campus demonstrations or other incidents were reported. However, for the first time, a pro-democracy big-character poster was spotted in a non-academic institution. A large placard saying "Support the Romanian People" was sighted by foreigners in a hospital in the Western part of the city.

University officials also threatened to round up students who set off firecrackers to celebrate the deposing and execution of the Romanian leader, Nicolae Ceaucescu, but no arrests could be confirmed.

One unconfirmed report said six students at Beijing Normal University had been arrested.

Beijing is mainly relying on PAP officers—who have taken over many of the duties of the troops—to maintain law and order.

The Premier, Mr Li Peng, who played a key role in the crushing of the student movement in June, has told the PAP to heighten vigilance and remain loyal to the party.

"You must keep vigilant and firmly fight against any hostile forces that try to subvert the socialist system in China and threaten the security of the motherland," Chinese newspapers yesterday quoted Mr Li as telling participants at an enlarged meeting of the party committee of the PAP.

"While a nationwide situation of stability has been achieved, China faces a long-term struggle and we cannot afford to slacken our vigilance," he added.

Reminding the officers of their achievement in crushing the June "counter-revolutionary rebellion," Mr Li told officers that the PAP "is part of the people's armed forces, which are under the leadership of the CCP and loyal to the people."

Chinese sources said that since the fall of Ceaucescu last week, the ruling Politburo has met at least twice to discuss ways to prevent a similar outbreak of unrest in China.

The sources said that at the meetings, top leaders decided to beef up the "ideological awareness" of the PLA and PAP and to boost their ability to put down any potential challenges to the Government.

Political commissars in the Army and the PAP were told to enhance unity within military units and to ensure that they obeyed orders from the Central Military Commission and from the party leadership.

The Politburo decided to further promote "ideological purity" among party rank and file. Cadres guilty of "bourgeois liberalisation" or who showed signs of veering from the socialist path must be severely punished.

On the question of Romania, the leaders agreed that it was another case of an Eastern Bloc country succumbing to the "peaceful evolution" plot of the capitalistic West.

The leadership noted that the fall of Ceaucescu, a staunch ally of the Communist Party, was a warning that all socialist nations must be on guard against infiltration from the West and sabotage and revolt by bourgeois-liberal elements at home.

However, the Politburo also pointed out that China must draw the right lessons from the nepotism and rampant corruption of the Ceaucescu family, and that anti-corruption work in China must be stepped up in the New Year.

Chinese sources said the conclusions of the Politburo meetings had been disseminated to the regions in the form of Central Level documents.

Yesterday's attacks on Mr Zhao came in national newspapers, including the GUANGMING DAILY, which carried an article lambasting the former leader for weakening the party's political and ideological work and colluding with "reactionary forces" in foreign countries.

The article, which will be published in full early next month in SEEKING TRUTH, a party journal, charged that Mr Zhao, who lost his post of party chief in late June, "rendered support to bourgeois-liberal thoughts" by advocating the "remoulding" of the institution of ideological indoctrination.

The piece was by-lined Huang-Hong, which analysts say is a pseudonym for a "writing team" reporting to the party's Propaganda Department.

—In a lecture yesterday to students of the Central Party School, General Secretary Jiang Zemin stressed that the party must adhere to the socialist road and engage in a long-term struggle against bourgeois liberalisation.

"The CCP and China are at a critical period, and we should continue to keep the domestic political situation stable," Mr Jiang said.

Through stepping up "party building" and ideological indoctrination, Mr Jiang said, the CCP will be "built up into a vanguard of the working class armed with Marxism-Leninism and Mao Zedong Thought".

'East Europe Event' Feared

HK0201112490 Hong Kong CHENG MING in Chinese No 147, 1 Jan 90 pp 6-8

["Notes on the Northern Journey" by Lo Ping (5012 0393): "A Convulsive Shock in Zhongnanhai—Beijing Is Prepared Against All Possible Emergencies Following Drastic Changes in Romania"]

[Text] Deng Xiaoping was dumbstruck by the rapid changes in Eastern Europe, and the abrupt fall of the tyrant in Romania. He criticized the relevant departments for their inaccurate reports. To prevent the Chinese version of the East European event, the highest leadership stratum of the CPC has issued confidential documents one after another. It is planning a large-scale purge throughout the entire party, the whole country, and the army in an attempt to prevent the possibility of peaceful evolution and mutiny.

In Recent Years, the CPC Has Repeatedly Issued "Warnings" to Eastern Europe

Rapid changes in Eastern Europe have convulsively shaken Zhongnanhai.

The panic-stricken Deng, Li and Yang clique has taken immediate measures to prevent greater "turmoil." Beijing and various big cities are wrapped in a tense atmosphere which has rarely been seen in recent years. It seems as if there will be an explosive situation.

To prevent the Chinese version of the East European event, the highest leadership stratum of the CPC has issued confidential documents one after another, highlighting Deng Xiaoping's several "important speeches" on the situation in Eastern Europe. The following is a round-up of the important content of his speeches: "Eastern Europe is turning to the right!" "In recent years, we have constantly warned them (leaders of the East European countries), but they failed to pay attention to our warnings. As a result, they collapsed!" "Judging from the present situation, our guiding principle of quelling the rebellion was completely correct. At that time, if we failed to make up our mind (to send troops to Beijing to 'quell the rebellion'), can the situation become stable?" "The imperialist and hostile forces have never stopped their activities of subverting and undermining socialist countries. During his lifetime, Comrade Mao Zedong mentioned this issue repeatedly, and so did other comrades. But some comrades inside the party simply turn a deaf ear to it, saying that we are talking nonsense. Now everything is clear. Things have changed so easily!"

Deng Xiaoping Reproaches Gorbachev's Line

"Why did Eastern Europe change so fast? It was because ruling parties in these countries tolerated the mischief of bourgeois liberalization for a long time. They failed to take any preventive measures. When major climate occurred, they were in disarray." "Of course, the situation in Eastern Europe is different from ours. They are entirely surrounded by Western countries in addition to Gorbachev in the Soviet Union. Now we can't give a definition to his line. His line has aggravated the difficulties of the East European countries." "Over the past several decades, East Europe has relied on the Soviet Union too heavily. When the big brother fell out, they had no way to retreat! In the past, now and in the future, we must persist in an independent political line." "China is a large and populous nation with vast territory. No economic blockade or sanction can produce a decisive influence over us." Deng Xiaoping has also stressed: "We must oppose bourgeois liberalization and never show mercy to it. We must never show mercy to counterrevolutionary elements. We must oppose corruption inside the party, and never be soft on it. We must foil the plot of international hostile forces of carrying out 'peaceful evolution' in China. We must, first of all, enhance our capability in carrying out the struggle!" "Eastern Europe has collapsed, and the Soviet Union is changing. Whither will China go? This is a very serious practical problem facing us. Some comrades say that the world revolution is shifting to the East (Editor's note: Wang Zhen holds such a view), but I do not favor this. We must do our own work in an honest, solid, and down-to-earth manner. As long as China can stand firm, there will be a way out for socialism!"

"Romania Is an Unsinkable Great Socialist Ship"

Deng Xiaoping also said: "Now only Romania is persisting in socialism. However, many comrades worry about how long it will stand. Comrade Ceaucescu told Comrade Qiao Shi that Romania is an unsinkable great socialist ship. After returning home, Comrade Qiao Shi briefed us on the congress of the Romanian Communist Party (editor's note: Ceaucescu was re-elected general secretary of the Romanian Communist Party). There is no need for us to be worried about Romania."

The above-mentioned remarks were most probably expressed by Deng Xiaoping at the end of November after he resigned from the chairmanship of the Military Commission of the CPC Central Committee at the Great Hall of the People in front of members of the Political Bureau Standing Committee, and some old persons.

Deng Hoped That his "Comrade-in-Arms" Ceaucescu Could Stand Up Against the Great Current of Development

After the collapse of the Romanian regime, the Political Bureau of the CPC immediately held a joint meeting attended by members of the Political Bureau and responsible persons of various relevant departments to seriously discuss the situation in Eastern Europe. After the occurrence of the "turmoil" in Romania, Ceaucescu

personally contacted the highest Chinese leaders by telephone three times, telling them the situation in Romania. China instructed its embassy in Romania to contact Ceaucescu, and to promptly report the situation in the country.

During the last moments, Ceaucescu truly intended to fly to China, and Kim Il-song also welcomed him to come to Pyongyang. But it was too late. The great socialist ship of Romania completely sank in less than a month. The highest leaders of the CPC were dumbstruck by this fact. After hearing about the latest situation in Romania, Deng Xiaoping was angry with Qiao Shi, Qian Qichen, and other CPC leaders. He criticized them for their inaccurate reports.

Actually, such "inaccurate" reports were excusable. Nobody in the world could expect that the situation in Eastern Europe could change so fast, and that the tyrant in Romania could fall so abruptly, because even after Ceaucescu left his palace, his armed lackeys and secret police still fought desperately. The "inaccuracy" of the reports of Qiao Shi and others was nothing when compared with the wrong appraisal of the situation in the Philippines a few years ago by the CPC. At that time, Corazon had full assurance of success, and Marcos would fall and flee the country soon, but the CPC still supported Marcos. Was such "inaccuracy" not ridiculous? Actually, Deng Xiaoping's "inaccuracy" was more serious than Qiao Shi's. Outwardly, Qiao Shi was sent to Romania to attend the congress of the Romanian Communist Party. Actually, he conveyed to Ceaucescu Deng Xiaoping's blessing, hope, and suggestions. Deng Xiaoping hoped that his closest comrade-in-arms in the world could stand up against the great current of democracy in Eastern Europe. Did this not mean that he made a completely wrong appraisal of the situation?

"After Hearing the News, Some Veteran Comrades Did Not Feel Like Eating"

In addition, Deng Xiaoping also made a wrong appraisal of the development of the political situation in East Germany. He thought that sending Yao Yilin to East Germany could help the country prevent "peaceful evolution." What was the result? When talking once with Jiang Zemin and Li Peng, he sighed with feeling and said: "Eastern Europe collapsed so rapidly. Comrade Yao Yilin told Comrade Honecker that he must not retreat. But it was a pity that they failed to do so. Once they retreated, they were utterly routed. They lost the last stakes of the Communist Party! It was not groundless that some veteran comrades did not feel like eating, or could not sleep after hearing the news."

Deng Xiaoping stressed: Under the present situation, the CPC must stabilize the general situation. He once said gleefully: "We sent troops to Beijing to quell the counterrevolutionary rebellion. Western countries accused us under the pretext of human rights. Some comrades also held divergent views. Now we must not dispute about this. Some problems must be set aside." He added:

"What are the interests of the whole? Stability is the overriding interest of the whole."

To stabilize the situation, and prevent the occurrence of the events of Eastern Europe in China, the CPC has established a leading group consisting of Jiang Zemin, secretary of the Central Discipline Inspection Commission, and secretary of the Discipline Inspection Commission under the Central Military Commission, and so on. The group is mainly responsible for examining one by one leading cadres at and above vice ministerial level, and the behavior of party-member leading cadres in the whole course of the student movement in particular.

Making Efforts To Firmly Grasp the Work of Examining Cadres To Prevent "Peaceful Evolution"

It was revealed that the decision was made in accordance with the instructions issued by Deng Xiaoping on the eve of the Fifth Plenary Session. The CPC believes that the important reason why great changes have taken place in Eastern Europe is that leading cadres of the party are not firm ideologically, and that they lack mental preparations for fighting against bourgeois liberalization for a long time. Therefore, when turmoil occurs, they are frightened out of their wits, and do not know what to do. To prevent the occurrence of the events of Eastern Europe in China, efforts must be made to seriously observe, examine and use cadres administered by the central authorities (according to the stipulations of the Organization Department under the CPC Central Committee, the transfer, use and appointment of leading cadres at and above vice ministerial level must be handled by the department. Therefore, these cadres are called "cadres administered by the central authorities"). Although the behavior of cadres had once been examined not long ago, the work was not meticulously carried out. After the Fifth Plenary Session, in accordance with the instructions of Deng Xiaoping, efforts were exerted to carry out the work of "strictly observing, examining and using" senior cadres.

Mental Stability of the Army Has Become a Task of Top Priority

To ensure the smooth progress in the work of examining cadres, the CPC has decided that the work must, first of all, be carried out in the three major departments of the CPC Central Committee (Organization Department, Propaganda Department, and United Front Work Department). The work must also be simultaneously carried out in the Office of the CPC Central Committee, Office of the State Council, and the three major departments under the Central Military Commission (General Political Department, the General Logistics Department, and the Headquarter of the General Staff). According to sources concerned, Deng Xiaoping also instructed: Examination of cadres must not be linked with individual leaders. Although Hu Yaobang and Zhao Ziyang have fallen, this must not implicate a large number of other cadres. Otherwise, greater problems will occur.

The highest leadership stratum of the CPC believes that to stabilize the situation, all positive forces must be aroused in 1990 and 1991 to solve the economic problem well. Besides, strict and firm control must be exercised over the Army, senior cadres, and party-member senior cadres in particular. The sources revealed that the army political work meeting held in Beijing in mid-December was the largest political work meeting held over the past 20 years. The key topic of the meeting was to prevent the occurrence of the event of Eastern Europe in China. To ensure mental stability of the army, the meeting passed the following three resolutions: First, firm, decisive and vigorous efforts must be made to readjust well leading bodies at army level. During the second half of next year, efforts will be made to readjust leading bodies at divisional level. Second, primary importance must be assigned to the work of strengthening ideological and political work in the building of the army. Third, military expenses must be properly increased to improve material and living conditions of cadres and soldiers.

The meeting revealed that from early last year to "1 August" this year, more than 13,200 persons in the whole army violated laws and discipline, and 65 percent of these offenders were sent to military courts for trials.

The reason why the CPC attaches importance to the ideological and political work of the senior cadres of the party, government and army is very simple—it is afraid of coups, mutinies, and "peaceful evolution." The CPC has regarded the changes in Hungary as a typical example of capturing a socialist fortress from within. The "capture" was neither based on violence or mass movement. It was caused by the degeneration of the leadership stratum of the Communist Party, including the general secretary of the party who was influenced by "bourgeois liberalization." Romania was a typical example of the meddling of "violence." The CPC has stressed that it must take lessons from these two typical examples to wipe out the possibility of both peaceful evolution and mutiny.

However, can all these measures, including the examination of the ideas of senior cadres, readjustment of leading bodies, and so on, completely prevent the occurrence of the event of Eastern Europe in China?

Judging from the situation mentioned above, the answer is no.

'Rebel Troops' Reported in Army

HK0201094090 Hong Kong CHENG MING in Chinese No 147, 1 Jan 90 p 10

["Notes on the Northern Journey" by Lo Ping (5012 0393): "'Rebel Troops' Inside the Army of the CPC"]

[Text] A classified document disclosed that since the second half of last year, "counterrevolutionary organizations" have been discovered in Shenyang Garrison,

Beijing Garrison, and Nanjing Garrison; those "counter-revolutionary" personnel of Beijing Garrison have been sent to court martial...

Many people exchange their private ideas: "It seems that there will be a dust up at any moment!" "This time it should be China's turn!"

In China, this is the efficacy of changes taking place in East Europe, and is the emotion left behind since the democratic movement in 1989.

For Zhongnanhai, the shake-up resulting from the great changes taking place in East Europe is not less than that from the "Beijing storm," and it is because, although the Deng-Li-Yang group can use tanks to suppress the people's grievances, they cannot request Gorbachev to send troops to suppress the uprising Romanian people, as they did in 1956 urging Khrushchev to use tanks to "crack down on the rebellion" in Hungary. As they look at the flames in East Europe, ponder over the spreading of the fire to China, and have no way to deal with it, can they not but be trembling?

What worries them more is that some high-ranking party, government, and Army cadres stood on the side of the students during the "4 June" period, opposing the use of force for a crackdown. Meanwhile, even in the Army, there are various kinds of "counterrevolutionary organizations" being discovered, and their spear heads pointed directly at the CPC and the Deng-Li-Yang group. According to a confidential document titled "Be Alert to the Attack Against the Army by Antagonistic Thoughts and Forces" issued by the Central Military Commission's Discipline Committee and offices to various major units of the whole Army, since the second half of 1989 "counterrevolutionary organizations" have been discovered in Shenyang Garrison, Beijing Garrison, and Nanjing Garrison. Among them, the "illegal organization" known as the "Fighter Committee" discovered within Beijing Garrison had more than 30 secret members; the principal element of the organization, a deputy commander of the 4th Company of a certain battalion of Beijing Armored Unit, has been sentenced to death, and 23 persons have been arrested and sent to court martial. The security unit of the Navy stationed in the capital cracked down on an "illegal organization" known as "Soldiers' Soul," which had more than 10 members. The Central Military Commission's document pointed out: These "counterrevolutionary organizations" had "openly pointed their spear heads at the CPC, at the Central Military Commission, and at Comrade Deng Xiaoping," etc.

The confidential document also disclosed that in the "struggle to quell the counterrevolutionary rebellion," a total of 247 cadres and soldiers escaped from duties (including those who applied for sick leave and left without approval), 12 cadres at the divisional and regimental levels did not resolutely carry out orders, and a deputy director of the political department of a regiment of the 38th Army, named Yang, had rightist thoughts,

openly providing the "rebellious elements" with the army's classified information.

At the same time, within the units which enforced martial law, there occurred 11 political cases of counter-revolutionary slogans, and 9 cadres and soldiers had been detected in the activities. During the "struggle to quell the rebellion," quite a lot of cadres and soldiers had the problem of shifting thought. The problems revealed above are the first such problems that have ever occurred in the Army.

In order to prevent serious problems from happening within the party, the government and the Army, the CPC decisionmakers have adopted measures to impose a blockade on information in the society, to control thought and to hold ideological assessment within the party, the government and the Army on the one hand, and place ideological and political work in "opposing bourgeois liberalization" on an important position on the other. The CPC Central Committee Propaganda Department is organizing its writing staff to compile materials for internal propaganda and lectures; these materials are "What Does the Incident in East Europe Indicate?" and "The Comparison of Speeches by Gorbachev." "The Comparison of Speeches by Gorbachev" is mainly a study material which reveals and criticizes.

The internal reference department of RENMIN RIBAO and the internal reference department of XINHUA are editing and printing joint materials revealing the crimes committed by the bourgeoisie in the West and by the imperialist forces in breaking down East Europe and subverting socialism. This material uses a great number of pictures to reveal the "crimes" committed by the "rebellious" crowds as they clashed government departments, attacked military units, and beat Communist Party members. The abovementioned materials and the material jointly edited and printed by the abovementioned two units are only for circulation among the CPC Central Committee members and officials at or above ministerial levels, but will go to the army level in the Army.

But people do not believe in the efficacy of all these measures. When the news of the victory won by the uprising Romanian people arrived, the air on Beijing's university campuses stirred again, and big-character posters again appeared. Not long ago, on 9 December, on the sidewalk outside Beijing's Central Television Station, some 50-60 people took to the street, and this was the first protest since the "4 June" incident in Beijing; many people were arrested. The persons from the public security department disclosed that these students had used the pretext of "commemorating the 9 December Movement" to organize a procession. The students in the procession shouted the slogans of "Down with U.S. imperialism" and "Down with Japanese imperialism," and raised a banner asking "Why Is China So Poor." According to analysis, the "anti-United States" and "anti-Japan" slogans manifested some emotions of the people. Recently, the U.S. authorities and the Japanese

government repeatedly expressed wishes to continue developing relations with China, and some intellectuals were discontented with them. However, as alleged, the public security department quickly released the demonstrators, acting upon the instructive spirit of the CPC Central Committee.

Some people say this is not the mercy of Deng, Li, and Yang, who acted so only because they feared that a single spark can start a prairie fire. Here, we can see how diffident and weak are the warriors who massacred the inhabitants of the city.

Article Cites Discord Among CPC Leaders

HK0201131290 Hong Kong CHENG MING in Chinese No 147, 1 Jan 90, pp 11-12

[Article by special correspondent He Shao-ming (6320 1421 2494): "Intensification of Contradictions Among the Party, Government, and Army"]

[Text] While the party, government, and military leaders are beset with difficulties both at home and abroad, their internal contradictions are also getting more intense. The differences between Jiang Zemin and Li Peng have become deeper.

According to informed sources, after Jiang Zemin returned to Beijing from his inspection tour in the old liberated area of Yanan, he presided over the first "top-level discussion meeting [sheng huo hui 3932 3172 2585]" attended by the Political Bureau Standing Committee members and some Political Bureau members after he became general secretary. Chen Yun was glad to hear of this and wrote to the meeting. Chen said: "Comrade Zemin and Comrade Li Peng should be united; all members of the Standing Committee should be united; and the entire central leadership should be united. For the sake of our country's stability, none of these three unities is dispensable!" This in fact showed that discord existed in all these three aspects. If there was no contradiction or if the contradictions were not serious, it would not have been necessary to stress unity.

Li Peng Scoffed at Jiang Zemin

The Political Bureau Standing Committee decided that the holding of regular "discussion meetings inside the party should be fixed as a system. The CPC central leadership required provincial-level party committees to hold "discussion meetings" at least once every 3 months and to submit reports about these meetings to the upper leadership.

According to sources who knew about the activities of the CPC top leaders, Jiang Zemin talked more than other participants at the "discussion meeting." Li Peng also frankly said: "I hope that Comrade Zemin will successfully play his role as our leader." This remark sounded rather sarcastic. At the meeting, Yao Yilin, a member of the Political Bureau Standing Committee, talked a lot about the importance of strengthening unity.

Yang Shangkun also attended the second half of the "discussion meeting." He said: At present, the old comrades are most worried about the stability inside the party and in the whole country. In order to maintain stability, which represents the interests of the whole, all personal grievances should be discarded. Yang also said: Some people inside the party said that the power and influence of the military have swollen. Such a remark is not good. If we do not effectively check such remarks, the unity among the party, the government, and the military may be affected.

Yang also said: Comrade Xiaoping was annoyed at such remarks, which showed an irresponsible attitude. If the army did not interfere, could the situation have been brought under control?

On the issue of lifting martial law, the top CPC leaders continued to argue endlessly.

Jiang Zemin argued that martial law should be lifted before the Chinese New Year so that "all people can celebrate the festival with relaxed feelings." However, there was no second to what the general secretary said, and no final decision was made on the time for lifting martial law.

Wang Zhen Gave a Lesson to Jiang Zemin

According to a source, after Jiang Zemin proposed to "lift martial law as soon as possible" at a central meeting, some people still had concerns over this. The Beijing municipal party committee opposed this and feared that trouble might occur again in Beijing.

The CPC central leadership did consider lifting martial law as soon as possible, but some people held that martial law could not be lifted until June 1990. According to this source, the events in Eastern Europe were not only internal affairs of Eastern Europe but also caused problems for the international communist movement. The party central leadership was worried that once martial law was lifted, some people might immediately gather a crowd and make disturbances, so martial law still had to be maintained for a certain period.

Although Jiang Zemin is general secretary of the party Central Committee and chairman of the Central Military Commission, in the eyes of such senior military men as Wang Zhen, as the commander of a certain large military region said, he "is merely a private who has seized the top merit citation." Wang Zhen once telephoned Jiang Zemin and summoned him to his residence. Wang Zhen then said to Jiang in an enigmatic manner: "General Secretary, I am sorry to put you to so much trouble!"

Then, Wang Zhen said: "As you already know, when Comrade Xiaoping nominated you to be general secretary, several other old comrades did not raise any objection." Then, he said to Jiang in a lecturing tone: "As chairman of the Central Military Commission, you must act prudently and must not act like Hu Yaobang and Zhao Ziyang, who collapsed in a short moment!"

Then, Wang Zhen told Jiang Zemin of the essentials of being chairman of the Central Military Commission, including the need to "rely on the seniors at the top and the juniors at the bottom" and to "stabilize the military regions and control the staff headquarters, the General Political Department, and the General Logistics Department."

Jiang Zemin deferentially jotted down Wang Zhen's remarks.

Wang Zhen also talked about reform and opening up. He said: "Some people said that I opposed reform and opening up, and they were simply telling a bare-faced lie. It was Comrade Xiaoping who first initiated reform and opening up, and I fully supported this from the very beginning. Zhao Ziyang had the nerve to say that he was the standard-bearer for reform and opening up. I simply felt disdain for him on this point." Jiang Zemin kept nodding his head to show his compliance.

In order to display his influence, when talking with Jiang Zemin, he also summoned a number of his previous subordinates to his presence. Later, the contents of Wang Zhen's talk to Jiang Zemin were circulated in the top echelons of the CPC central leadership, and it was said that after being lectured by Wang Zhen, Jiang Zemin grumbled: "I have never served in the military, and cannot be chairman of the Military Commission, so the chairmanship can be passed to you, Wang Zhen!" However, Jiang indeed followed one point Wang Zhen had told him of. Wang Zhen hoped that Jiang Zemin would not always stay in Beijing like Zhao Ziyang. "You came to Beijing from Shanghai. You should not always stay in big cities. You should go to inspect the countryside, the areas inhabited by national minorities, and the old liberated areas such as Yanan and Jinggangshan." Indeed, after the Fifth Plenary Session, Jiang Zemin first decided to make an inspection tour in the old liberated area around Yanan.

Mainland Students Reportedly Plan Demonstration

OW0201102390 Taipei Domestic Service in Mandarin
2300 GMT 1 Jan 90

[Text] According to sources close to college students in Peiping [Beijing], college students in the city had planned to demonstrate on the death anniversary of former Chinese Communist Premier Chou En-lai [Zhou Enlai]. However, the Ministry of State Security had found out about the plan when it was leaked out and has strengthened its control of the university district.

The sources said that in reaction to the political situation in Romania, college students in Peiping originally planned to organize demonstrations on 8 January, anniversary of the death of Chou En-lai. However, the Ministry of State Security found out about the plan and hastily called party cadres from various institutions of higher learning to a meeting on the afternoon of 26 December. On the same evening, the party committee of

each university held an emergency meeting. Signs suggest that the Ministry of State Security has made arrangement to strictly forbid professors and students from leaving their schools. According to the sources, new measures have also been taken in student dormitories. Normally, school instructors were on duty in the dormitories. Now, personnel with higher ranks are on duty 24 hours a day to ensure that incidents can be handled promptly when they arise.

Beijing Students Form East Europe Study Group

HK0101073090 Hong Kong MING PAO in Chinese
1 Jan 90 p 2

["Special dispatch": "Beijing Students' Application for Parade Has Been Turned Down on Several Occasions; Postgraduates Secretly Organize Discussions on Situation in Eastern Europe"]

[Text] Encouraged by the victory of the people's revolution in East European countries, a secret academic organization, the "Society for Research on East European Questions," has recently been established by Beijing's university students. The institute is aimed at promoting China's democratic movement by studying experiences of the democratic movements in East European countries.

Informed sources revealed that recently the students have repeatedly applied to the Beijing municipal authorities for a parade, but they have all been turned down by the relevant authorities. What is amusing is that the students just applied to hold a parade to "support the four cardinal principles and oppose bourgeois liberalization." Some people held that they were just attempting to sound out the authorities' attitude toward the students, which also implied a certain sense of mischief.

It was revealed that the above-mentioned secret society is mainly composed of postgraduate students of some universities and colleges in Beijing. They do not have a regular place to carry out their activities, but they often discuss the changing situation in Eastern Europe and compare it with China's situation. They have not only attached great importance to theoretical studies, but have also taken real actions. After the downfall of the former Romanian leader Ceausescu, some big-character posters appeared in some universities, most of them were written by members of the society.

A main member of the society said that at present, because the situation is grim and the East European questions are very sensitive, and because their society is a lateral combination of university students, it will certainly not be tolerated by the CPC authorities. However, the study of the East European situation is a pressing task that brooks no delay. For this reason, they are willing to take the risk in organizing the society so as to find a road for China.

It was learned that the changes in Eastern Europe have not only greatly encouraged the university students in

Beijing, but have also greatly influenced the common people there. Since the great changes took place in Romania, short-wave radio sets have become the best sellers. In the past, many shops were unable to sell even one radio set a day, but now they sell hundreds in an afternoon. Some have even sold out of all radio sets. The reason is very simple: The people in Beijing are eager to know more about the changes in Eastern Europe through foreign broadcasts.

The CPC is still blocking the passage of information about Eastern Europe. At present, only XINHUA, RENMIN RIBAO, and the Ministry of Radio, Film, and Television are authorized to release news reports on Eastern Europe, and those released by XINHUA must be signed by Guo Chaoren or Mu Qing. All news about the new Romanian Government must be discussed for a whole day and then approved by Li Ruihuan before they are released.

The top CPC leaders admitted in private conversations that since 4 June, the CPC has failed in carrying out ideological education for students. It has overestimated itself and is overly-optimistic about the students. It seems that more severe measures will be taken to punish Beijing's university students.

It was learned that apart from the many plainclothesmen on the campus, Beijing's Armed Police have also been assembled for training in order to prevent troubles during the Qingming Festival next year.

Jiang Zemin Comments During New Year's Events

Interviewed by Beijing TV

OW3112121989 Beijing Television Service in Mandarin
1100 GMT 31 Dec 89

[Interview with Jiang Zemin, general secretary of the Chinese Communist Party, by unidentified station reporter, at Jiang's Zhongnanhai office on the "eve of New Year's day; from "National News Hookup" program—recorded]

[Text] [Opening shot shows Jiang Zemin sitting behind his desk in his Zhongnanhai office talking with an unidentified reporter, followed by close-up shots of Jiang speaking before the camera. At the end of the interview, he stands up to shake hands with the reporter when the latter rises to wish him a happy New Year] Jiang Zemin, general secretary of the CPC Central Committee, was interviewed in his Zhongnanhai office by our station reporter on the eve of New Year's day.

[Reporter] Comrade Jiang Zemin, today is the last day of 1989, as well as the last day of the 1980's. Our country has passed through another 10 years. How do you appraise the last 10 years?

[Jiang Zemin] Thank you. There is a saying in China: Time flies like an arrow, and the sun and the moon move back and forth like a shuttle. Ten years have passed

before we knew it. We will enter the 1990's soon. I would like to recall that in January 1980 Comrade Xiaoping put forward to us three major tasks for the 1980's. The people of our country have made tremendous achievements in accomplishing the three major tasks over the last 10 years. We have joined the people of all other countries in making concerted efforts to oppose hegemonism and to safeguard world peace. By proposing the concept of one country and two systems, we have reached agreements with the British and Portuguese Governments on settling the Hong Kong and Macao questions. This concept also has opened up prospects for solving the Taiwan question. Our achievements in socialist modernization in particular are universally acknowledged. The economic strength of our country has been enhanced to a remarkable degree. The people have received more actual benefits. Tremendous development also has been made in all other undertakings.

We have achieved our results by relying on the Chinese people. However, the Chinese people also will remember forever the foreign friends who offer them help. We have done much work and have learned very much in the 1980's. The most important thing we have learned is that we have taken the road of building socialism with Chinese characteristics and laid down and implemented the basic line that promotes economic development as the central task, upholds the four cardinal principles, and keeps to reform and openness. With regard to modernizing and to making reforms and opening to the outside, we have paid a price and acquired experience in learning how to uphold the socialist orientation and how to oppose bourgeois liberalization. After having withstood many tests for 10 years, our party has become more mature. Our party and our socialist nation can stand the test of many storms.

[Reporter] You have just recalled the 1980's. What do you think are the prospects for the 1990's?

[Jiang Zemin] The prospects for the 1990's, I believe, can be boiled down to one sentence: We will continue unflinchingly to take the road of building socialism with Chinese characteristics. The coming 10 years will be the crucial stage at which we can reach the general strategic goal of China's socialist modernization. It also is the critical juncture which will determine the Chinese nation's rise or decline and honor or disgrace in the forthcoming century. Social stability remains the most important thing. It is only when social stability exists that we can do our work well and develop our economy, that the people can live and work in peace and contentment, and that the people's living standard can be raised sufficiently. We must consolidate and develop a stable and united political situation and see to it that our gross national product doubles again.

We must solve the question of the sovereignty of Hong Kong and Macao in accordance with the Sino-British and Sino-Portuguese joint statements and push forward the great cause of the motherland's peaceful reunification according to the principle of "one country, two

systems." We will continue to develop friendly ties with the people of all countries in the world and make efforts to maintain world peace.

In order to carry out the tasks for the 1990's, we must first strengthen and improve party leadership. In our new practice, we must uphold and enrich the party's basic line and its basic principles and policies, and continuously explore and push forward the economic and political structural reforms. Of course, these reforms must suit the needs of socialist modernization. We must build our party into a one which is very united, which has strict discipline, and which maintains close ties with the masses. To ensure that our party has greater fighting power, we must wholeheartedly serve the people, trust and rely on them, and educate all comrades in the party and all cadres to be loyal and devoted servants of the people. We always must put the people's interests above all else.

[Reporter] There have been numerous changes in the contemporary world, and many new situations and new issues have appeared. What is your opinion about the international situation?

[Jiang Zemin] I believe that, although some disturbances have taken place in the world today, the general structure [ge ju] has not changed. No matter how the world situation has changed, the historical trend of peace and progress is irreversible. Chinese people are peace-loving and are devoting themselves to constructing their country. Chinese people will steadfastly devote themselves to promoting world peace and the cause of human progress. We will continue to pursue an independent foreign policy of peace and the policy of opening to the outside world, and further promote economic, technological, trade, and cultural exchanges between China and foreign countries. Of course, history always advances amid twists and turns and climbs to new and higher steps in the course of overcoming difficulties. This was true in the past, is true now, and will remain true in the future. It is understandable that a brand-new system like the socialist system will encounter all sorts of twists and turns and difficulties in the course of development. Chinese people will unswervingly take their own road and create their own socialist new life.

We communists are not fortune-tellers nor fantasists. I am convinced that we certainly can grasp the law of history and win the final victory if we are loyal to the people and work hard in a down-to-earth way for national independence, the motherland's prosperity, and the development of the socialist cause.

[Reporter] Thank you for granting me this interview. It will be New Year's day in several hours. On behalf of all the comrades of the Central Television Station, I wish you, general secretary, and the Central Committee a happy New Year.

[Jiang Zemin] Thank you. I am very glad to have had this opportunity to appear before the vast number of viewers. Let us join the people of all nationalities in China and

our friends of different races throughout the world in ushering in the 1990's with full confidence. On behalf of the party Central Committee, the State Council, and the Central Military Commission, I wish every family a happy New Year. I wish elderly people a long life, wish children health, and wish all your families happiness. I give my regards and thanks to all comrades who are working at their posts during the holidays. I also would like to take this opportunity to give my sincere thanks and best wishes to the governments; economic, cultural, and mass organizations; and individuals in all other countries that support China's modernization drive, cooperate with us on the basis of equality, and are friendly to the Chinese people. I wish the people in all countries happiness. Please give my regards to the comrades of the Central Television Station.

[Reporter] Thank you.

Speaks at Tea Party

OW0101112290 Beijing XINHUA Domestic Service
in Chinese 0607 GMT 1 Jan 90

[Speech by Jiang Zemin, general secretary of the Communist Party of China, at the New Year tea party hosted by the National Committee of the Chinese People's Political Consultative Conference in Beijing on 1 January]

[Text] Comrades, friends: I am very happy to be able to join you here today in marking the beginning of the New Year.

Certain important events are now taking place in the world. The world is not peaceful because of the many problems, struggles, and unstable factors. The general pattern of the world situation, however, has not changed. While we are closely monitoring the development of the world situation, all countries in the world, especially those of the Third World, are closely monitoring the stability and development of China. We must continue to make positive contributions to safeguarding world peace and to promoting the progressive cause of mankind. In order to continue to uphold the socialist course, we must above all do a good job in managing our own affairs. Not only does this have a close bearing on China's own future and destiny, but it also has a positive impact on the world situation.

The preliminary results of our accomplishments show that the decision made by the 3d Plenary Session of the 13th CPC Central Committee to streamline the national economy is a correct one. The struggle to stop upheavals and to suppress the counterrevolutionary rebellion was a major test for us. It has tempered our party, government, Armed Forces, and people. China's social, political, and economic situation today is stable. With the CPC's leadership and the joint efforts of all democratic parties, people's groups, and people of all nationalities in the country, we are fully capable of combating the temporary difficulties confronting us. In fact, we have been overcoming these difficulties in an effective way all along.

The 5th Plenary Session of the 13th CPC Central Committee further clarified the guiding principle for future work. This principle is: Within the framework of economic construction, which is the central task, we will firmly uphold the four cardinal principles; persist in carrying out reform and opening to the outside world; and under the premise of maintaining social stability, firmly improve the economic environment, rectify the economic order, and deepen reform. This is the fundamental way in which we can overcome the current economic difficulties and achieve sustained, steady, and coordinated economic development.

This is the critical year for economic retrenchment and deepening reform. It also is the first year of the 1990's. Properly accomplishing the work this year is highly significant for China's future development. The most important thing task is to maintain social stability. Only when our society is stable can we concentrate our energies on doing other things well. We should follow the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and do a good job in managing our economic affairs. Only when we have substantially improved our economic structure and our economic efficiency on the basis of firmly curtailing general demand can we accomplish economic retrenchment and have a reliable basis for achieving the second-stage strategic objective of quadrupling the industrial and agricultural output by the end of the 1990's. Thus, we must pick up our spirit, unite as one, work hard, and make earnest efforts to accomplish the missions set out for this year.

Consolidating and developing a broad patriotic united front and rallying and depending on people of all nationalities in the country to work under the CPC's leadership is the basic guarantee for achieving all missions. The CPC leadership is very important because it is the core of national unity. We must work diligently during the new year to build the CPC into a stronger party; to carry forward the party's fine traditions; to manage party affairs strictly; and to achieve even better results in combating bureaucraticism, forging close ties with the masses, and eradicating corruption. All comrades in the party, especially the leading cadres in the upper and middle echelons, must share weal and woe with the masses and take the initiative in leading an austere life for a few years. I can assure you, friends, that no matter what changes there might be in the situation and with regard to our missions, the following will never change: We communists will adhere firmly to the socialist course, uphold the objective of serving the people, and work hard to provide the people with useful services.

There is a long history of cooperation between our party and all democratic parties, patriots without party affiliation, and people of all nationalities in all circles. We have a fine tradition of showing utter devotion to each other and sharing weal and woe among us. Now, confronted by the new tasks, we must continue to give full scope to the role of the patriotic United Front; work in unity with all democratic parties, people's groups, and

people of all nationalities in all circles and at all strata; and work hard together to overcome the current difficulties so as to ensure a sustained, steady, and coordinated national economic development. True friendship can be observed in times of adversity. The more difficult the situation becomes, the more it can demonstrate our unity, our readiness to assist each other, and our close ties and the great strength they produce.

The need to adhere firmly to the socialist course and to support the CPC leadership has been prescribed in China's Constitution and the Constitution of the Chinese People's Political Consultative Conference [CPPCC]. This need serves as the political basis for the existence and development of the United Front during the socialist period of China, and it also is the common understanding acquired by all democratic parties, people's groups, and people of all nationalities in all circles during their protracted cooperation with the CPC. All the storms in the world and the upheavals and counter-revolutionary rebellion at home have not shaken, and never will be able to shake, this cornerstone of our unity and cooperation. Our common political foundation is built on the basis of a common understanding on major issues. Here I would like to make a suggestion: I hope that all democratic parties, people's groups, and people of all nationalities in all circles will join the CPC to intensify the study of the Marxist stand, viewpoints, and methods, as well as the study of current political affairs. This will help us explore ways in which new problems can be solved so that we will not lose our bearings during the complex struggles. Members of CPPCC organs always have had the fine tradition of study and they educate themselves through study. We should carry forward the study style of integrating theory with practice and encourage voluntary self-study and self-education so that we will be more capable of understanding and differentiating things and become even more united and cooperative.

Chairman Mao Zedong once said that state affairs are the affair of all of us. In our big country with 1.1 billion people, in particular, we all must think of some ways to solve its problems and to do its work. We must adhere firmly to the socialist course, restructure the political system, and strengthen the democratic and legal system so that the work of the party and the government can reflect more realistically the will and interests of the people and so that all principles and policies can be more in line with China's actual situation. The multiparty cooperation and political consultative system under the CPC leadership is an important system of China. Intensifying the construction and reform in this regard is an important aspect of fostering socialist democracy and deepening the restructuring of the political system. CPPCC organs play an important role in this respect.

CPPCC organs are broadly based patriotic united front organizations. They are an important political and organic form for achieving multiparty cooperation and political consultation under the CPC's leadership, and an important way for fostering socialist democracy.

CPPCC organs, which have assembled the representative personages of all social strata and all sectors, also are high-level think-tanks. All CPC committees and governments should attach full importance to CPPCC organs and give full scope to their role. CPPCC organs should continue to render their political consultative and democratic supervisory services, make their work even more democratic, carry out full consultations on major state policies, and actively participate in political affairs so that decisionmaking can become more scientific and democratic. Here, on behalf of the CPC Central Committee and the State Council, I express my sincere hope that you will intensify your supervision over the CPC and the government and help us correct our shortcomings and mistakes so that we can manage state affairs properly together. We are convinced that, guided by the principles of long-term coexistence, mutual supervision, showing utter devotion to each other, and sharing weal and woe, the CPC-led multiparty cooperation and political consultative system will continue to improve and develop and play a more significant role in expediting socialist modernization.

During the new year, I wholeheartedly wish our fellow countrymen in Taiwan, Hong Kong, and Macao, as well as all Overseas Chinese, a happy holiday and good health! Accomplishing the great cause of reunifying our motherland is the common aspiration of all the Chinese people. As always, we will uphold the fundamental "one country, two systems" principle and the relevant policies and firmly oppose any attempt to separate from the motherland. All acts of undermining national reunification go against the interests and aspirations of the Chinese nation and the Chinese people. Safeguarding the motherland's unification and dignity is the responsibility and obligation that no Chinese person should shirk. Let us work together and continue to contribute to accomplishing the great cause of national reunification.

Finally, I wish you all a happy New Year, good health, and a long life! Thank you!

CPC Leaders Hold Talks With Other Parties

*OW0101051890 Beijing XINHUA Domestic Service
in Chinese 1148 GMT 31 Dec 89*

[By reporter Sun Benyao (1327 2609 1031)]

[Text] Beijing 31 Dec (XINHUA)—With the advent of 1990, Jiang Zemin, general secretary of the CPC Central Committee, along with Li Peng, Qiao Shi, Yao Yilin, Song Ping, and Li Ruihuan, members of the Standing Committee of the Political Bureau of the CPC Central Committee, held a discussion yesterday with major leaders of various democratic parties, the All-China Federation of Industry and Commerce, and patriotic personages without party affiliation. The discussion focused on the current domestic and international situation and on adhering to and perfecting the system of multiparty cooperation and political consultation under CPC leadership.

After analyzing the current domestic and international situation, Jiang Zemin dwelt on how to maintain stability and unity in our country. He said: Under the prerequisite of adhering to the four cardinal principles and the policy of reform and opening to the outside world, all people in the country from the top down should first make concerted efforts with one mind to develop the economy, to enhance our national strength, and to raise the living standards of our people. Second, effective measures should be taken to resolutely fight against sabotage by hostile forces at home and abroad. In addition to this, it is necessary to ensure that the voices and opinions of the masses are reflected and given attention through various channels, such as party and government departments, democratic parties, and the mass organizations of workers, youths, and women. Correct opinions should be dealt with in a timely manner. As for views that are incorrect or cannot be put into practice for the time being, proper explanations to this effect must be given to the masses.

Jiang Zemin stated: We have a long-tested Marxist-Leninist political party and a strong army loyal to the party and to the people. The Chinese nation has emancipated itself through long-term revolutionary struggles and has never yielded to any foreign pressure. We have the guidance of Mao Zedong Thought, which was formed through the integration of Marxism-Leninism and Chinese practice. Because of this, we are sure to advance the modernization drive continuously along the socialist road with Chinese characteristics as charted by Comrade Deng Xiaoping.

Jiang Zemin pointed out: We must strengthen our ties with the masses. It is imperative to inherit and to carry forward our party's previous fine tradition of maintaining flesh-and-blood ties with the masses. Recently, many provincial and municipal leaders have gone to grass-roots units to discuss with the masses how to further promote agricultural production. This action has been welcomed by the people.

Jiang Zemin also spoke about the significance and methods of adhering to and perfecting the system of multiparty cooperation and political consultation under CPC leadership.

In addition to Jiang Zemin, the following delivered speeches at the meeting: Fei Xiaotong, chairman of the Central Committee of the China Democratic League; Rong Yiren, chairman of the All-China Federation of Industry and Commerce; Yang Jike, executive vice chairman of the Central Committee of the China Zhi Gong Dang; Qu Wu, honorary chairman of the Central Committee of the Chinese Kuomintang Revolutionary Committee; Cheng Siyuan, patriot without party affiliation; Sun Xiaocun, chairman of the Central Consultative Committee of the China Democratic National Construction Association; Lei Jieqiong, chairman of the Central Committee of the China Association for Promoting Democracy; Lu Jiaxi, chairman of the Central Committee of the Chinese Peasants and Workers Democratic

Party; Cai Zimin, chairman of the Presidium of the Central Committee of the Taiwan Democratic Self-Government League; and Yan Jici, honorary chairman of the Central Committee of the Jiusan Society.

They said that they had a very warm feeling about holding such a discussion on state affairs with all the members of the Standing Committee of the Political Bureau of the CPC Central Committee and to receive their festive greetings on the advent of the new year.

Referring to the current domestic and international situation, they all said: No matter what changes take place in the international arena, China should adhere to the socialist orientation, to CPC leadership, to the socialist modernization drive, and to the policy of reform and opening to the outside world. As long as all people in the country undertake concerted efforts with one mind and do their work conscientiously under the CPC's correct leadership, they are bound to continuously advance the great cause of building socialism with Chinese characteristics.

With regard to adhering to and perfecting the system of multiparty cooperation and political consultation under CPC leadership, they unanimously expressed their full support for the "Opinions on Adhering to and Perfecting the Multiparty Cooperation and Political Consultation System Under the Leadership of the Chinese Communist Party" as put forward recently by the CPC Central Committee. They said: This document was formed under CPC auspices on the basis of studies made by democratic parties and after full consultations with them. It is, therefore, a result of joint efforts. The document itself shows the spirit of multiparty cooperation under the leadership of the CPC.

They noted: This document not only embodies the principle of CPC leadership, but also gives fuller play to the role of the democratic parties in political consultation and mutual supervision. The multiparty cooperation and political consultation system under the Communist Party's leadership is one of China's basic political systems. It is a socialist system of political parties with Chinese characteristics formed as a result of longtime practice. This system conforms to our national conditions, enjoys popular support, and is full of vitality.

They pointed out: The document explicitly states that the CPC is at the core of the leadership for the socialist cause and is a ruling party. The democratic parties are its close fraternal parties, accepting its leadership and cooperating fully with it to undertake joint efforts for the socialist cause and to function as parties participating in state affairs. This makes even clearer the place of the democratic parties in China's political life. The implementation of this document has positive significance with regard to promoting the democratic parties' participation in state affairs and giving full play to their role in political life and the modernization drive of our country.

They said: It is a unanimous choice made by the democratic parties through long-term political practices to

accept the leadership of the CPC and to closely cooperate with it in taking the socialist road. Practices have proved that such a choice is absolutely correct.

They stressed that the enactment of this document is an inspiration as well as a stimulus to them. They unanimously pledged that they would, as before, continue to comply with the cooperative principle of "long-term coexistence, mutual supervision, treating each other with true sincerity, and sharing weal and woe" under the CPC leadership; and that they would work hard together with one mind with all people in the country to make new contributions to building China into a rich, strong, democratic, and civilized modern socialist country. Also invited to the discussion was Ngapoi Ngawang Jigme, vice chairman of the Standing Committee of the National People's Congress.

On 26 December, the CPC Central Committee invited the leaders of democratic parties, the All-China Federation of Industry and Commerce, and representatives of personages without party affiliation to a forum held at Zhongnanhai to discuss the document "Opinions on Adhering to and Perfecting the Multiparty Cooperation and Political Consultation System Under the Leadership of the Chinese Communist Party." The forum was presided over by Li Ruihuan, member of the Standing Committee of the Political Bureau of the CPC Central Committee. In a speech delivered at the forum, he briefed those in attendance on the process of drafting this document and the guiding ideology involved. Ding Guangen, alternate member of the Standing Committee of the Political Bureau and member of the Secretariat of the CPC Central Committee, also attended the forum.

Yesterday's discussion meeting was chaired by General Secretary Jiang Zemin. Also present were leading comrades Ding Guangen, Wen Jiabao, Peng Chong, and Fang Yi.

Jiang Zemin Meets Defense Committee Members

OW2912194589 Beijing XINHUA Domestic Service in Chinese 1253 GMT 29 Dec 89

[By reporter Liu Huinian (0491 0932 1628)]

[Text] Beijing, 29 Dec (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission [CMA], CMC Vice Chairman Liu Huaqing, and CMC Secretary General Yang Baibing had a cordial meeting this morning with all the comrades attending the plenary session of the National Defense University Party Committee.

Also present at the meeting were CMC members Hong Xuezhi, Qin Jiwei, Chi Haotian, and Cho Nam Qi.

Shortly after 0800, Jiang Zemin and other leading comrades arrived at the university located on Beijing's outskirts. In the company of Zhang Zhen, president of the university, and Li Desheng, political commissar of

the university, Jiang Zemin and his party met with all the comrades attending the plenary session and wished them a happy New Year.

In his extemporaneous speech, Jiang Zemin said: After advanced training at the National Defense University—the highest military academy in China, senior military officers from the front line areas will be able to turn their practical experiences into theories and become senior officers who play the main part in building up the army. When these senior officers employ constant efforts to make themselves more knowledgeable in science and other branches of learning and more capable of commanding, our army certainly will become a modernized army which will always be politically qualified.

Jiang Zemin said: What makes us feel proud is that, since its founding, the Chinese People's Liberation Army has always been an army armed with Marxism-Leninism-Mao Zedong Thought. Under the party's absolute leadership and after being tested in protracted revolutionary wars and socialist revolution and construction for more than half a century, it has become a great army loyal to the party and the people. This army is an important force guaranteeing our success in upholding the four cardinal principles, in carrying out reform and opening to the outside world, and in building a strong socialist country with distinctive Chinese characteristics.

Then Jiang Zemin and other leading comrades had a photo session with all the attendees of the plenary session of the National University Party Committee and some teachers and staff members of the university.

Yuan Mu Exchanges Views With College Students

XINHUA Reports Meeting

OW3012085289 Beijing XINHUA Domestic Service in Chinese 0446 GMT 30 Dec 89

[By reporters Zhang Baorui (1728 1405 3843) and Jiang Qianfeng (3068 6929 1496)]

[Text] Beijing, 30 Dec (XINHUA)—At the invitation of the Student Union and the Graduate Student Union of Beijing University, State Council Spokesman Yuan Mu, the Beijing Municipal CPC Committee Deputy Secretary Wang Jialiu, and member of the Standing Committee and Secretary General of the Beijing Municipal CPC Committee Yuan Benli recently visited Beijing University and exchanged views with some students on the current domestic and international situations. They also answered questions that the students are concerned about and interested in.

Yuan Mu first delivered an hour-long impromptu speech amid a warm atmosphere.

Yuan Mu said: I come here today not in the capacity of government spokesman. I come as your friend to exchange views with you on some matters. Let me first

recall the situation in China since the counterrevolutionary rebellion was quelled. China indeed was in danger of being subverted during the turmoil and rebellion. At that time, many comrades both inside and outside our party were laden with anxieties and could hardly sleep at night. In the 6 months since the rebellion was quelled, the overall situation, generally speaking, has shown that our country and policies are stable, the people are at ease, and normal public order was quickly restored. Of course, there still exist some factors of instability which should not be overlooked. However, the overall situation shows that China, with a population of 1.1 billion under the leadership of the Communist Party of China, is still advancing on a socialist road, and our country is still showing itself to the people of the world as a country of reform, opening to the outside world, and vigorously making progress. I think that the situation of the last 6 months has shown the following several points: First, the majority of the Chinese people support the CPC and love socialism. Without the support from more and more people, it will be impossible for the situation in our country to be stable. Second, our party can stand the test. It did not depart from its principles during that tumultuous storm and that soul-stirring struggle. After quelling the rebellion, our party made a profound self-examination, strived to improve its work in the course of self-examination, and assumed a serious Marxist attitude to correct its mistakes. Our party experienced the trial of long struggles and it maintains flesh-and-blood ties with the people. It is not a party which will collapse at the first encounter. Third, our Army is a people's army that is loyal to the party, the people, and the socialist motherland. For a period of time, a considerable number of people misunderstood the Army when it was resolutely suppressing the rebellion under the orders of the party and the government. However, with the revelation of the truth, more and more people have become supporters of the measures adopted by the party and the government. We should say that having experienced the bloody and fiery trial, the soldiers and the people have further strengthened unity between them. Fourth, the new central leadership collective elected at the 4th Plenary Session of the 13th CPC Central Committee is, with their concrete actions, supported and trusted by an increasing number of people. They are working hard to implement comprehensively the party's basic line, persist in the policy of reform and opening up, pay greater attention to the mass line and widely solicit views from people within and outside the party in making major policy decisions, and enhance its ties with the masses. Fifth, we have gained some initial experience in stabilizing the situation. In my opinion, the most important points of this experience are: 1) The unity between upholding the four cardinal principles on one hand and reform and opening up on the other. We must uphold both the policy of reform and opening up and the socialist orientation of this policy and unify the two in the practice of building socialism with Chinese characteristics. 2) Leading cadres at all levels should refrain from idle talk and take the lead in doing more solid work to help the people solve such pressing

problems as punishing corruption, improving the cleanliness of the government, improving party work style, and steadily developing the economy. 3) Ensure the stability and continuity of the party's basic policies. Many of the policies of reform and opening up must be gradually enriched and improved on the basis of stability and continuity. If the policies are stable, the people's minds will be at ease.

Yuan Mu then briefed the students on China's economic situation. He said: Facts have shown that during the 10 years of reform and opening up, China achieved tremendous progress in its economic development. During the decade, China's GNP, growing at an average annual rate of nearly 10 percent, increased 1.51 fold. In terms of growth rates during the same period, China ranked among the top in the nations of the world. We must fully affirm the achievements scored during the 10 years of reform and opening up and at the same time make a realistic appraisal of the economic difficulties facing us. The current difficulties did not begin to arise in the past year or two; rather, they gradually accumulated since the second half of 1984 when the economy began to overheat. For this reason, it will take quite some time to improve and rectify the economy. Some initial achievements were scored in the past year as a result of improvement and rectification. The main points are: 1) Initial achievements were scored under overall control and the expansion of investment and consumption demands was brought under control. 2) The agricultural situation has been rather good this year. The nation's total grain output is expected to approach or slightly exceed the record year of 1984. 3) The volume of credit and monetary issue have been more or less successfully brought under control, the savings by residents in cities and the countryside increased by a rather large margin, and the financial situation took a turn for the better. 4) This year's inflation rate is lower than last year's, fewer new factors of inflation emerged, the inflation rate dropped month by month, and the people's anxiety over inflation gradually eased. However, new problems such as a weak market, capital shortages for enterprises, and rise in the number of people awaiting employment also arose in the course of improvement and rectification. We must not waver in our confidence and determination to implement improvement and rectification because of these new contradictions. At the same time, we should not lower our guard. We should study the new situation and solve new problems. It is necessary to mobilize and organize enterprises to readjust their production and industrial structures, to increase substantially the production of marketable commodities, to raise their technological levels actively, and to expedite the process of renewing their products. Every effort should be made to improve the circulation of goods, to expand exports, and to tap domestic and international markets. Achieving economic stability next year is crucial for us. The State Council recently held a series of meetings, including the national planning and financial conferences, to lay the groundwork for next year's economic endeavors.

Yuan Mu also touched on international issues and the situation in Eastern Europe which the students found interesting. Whatever changes take place in the rest of the world, he said, China will adhere to its principle of noninterference in the internal affairs of other countries and political parties. He added that China will continue to develop relations with other countries in accordance with the Five Principles of Peaceful Coexistence. It will keep up its efforts to forge economic and trade ties with other nations on the basis of equality and reciprocity, and will remain committed to its policy of opening to the outside world.

Yuan Mu stated emphatically: Our party is a mature party armed with Marxism-Leninism and Mao Zedong Thought. Our country is a great people's republic, tested by a long revolutionary war and established with the blood of tens of millions of martyrs. Our people are a great people that have inherited the glorious tradition of revolutionary struggle and have never bowed to external pressure. The Chinese people will persist in taking the socialist road they have chosen. The Chinese people, including the Chinese Communists, have the aspiration and confidence to carry on the socialist banner generation after generation. He added: Despite your different views on some issues, I believe you students here have one thing in common—you all love your motherland and do not want to be bullied by foreigners. Treason is unmarketable in China. At that point, prolonged, thunderous applause echoed around the meeting place.

Afterward, Yuan Mu spent another hour or so answering the many questions posed by the students on domestic and international affairs. He replied to the questions in a down-to-earth, sincere manner, taking into account the extent of knowledge the students had about the issues. The discussion was lively and there was an atmosphere of harmony. When the meeting ended, many students joyfully surrounded Comrades Yuan Mu, Wang Jialiu, and Yuan Liben and warmly accompanied them out of the meeting place.

XINHUA Report Analyzed

*HK0101034490 Hong Kong MING PAO in Chinese
31 Dec 89 p 20*

["Special dispatch": "XINHUA Avoids Mentioning the Embarrassing Questions and Circumstances in Its Report About Yuan Mu's Current Affairs Lecture at Beijing University"]

[Text] Beijing's official XINHUA NEWS AGENCY yesterday reported part of the contents of the current affairs lecture given by Yuan Mu, spokesman for the State Council, to hundreds of students at Beijing University on 27 December, but the XINHUA report did not mention that Yuan Mu encountered the students' boos and hoots and that some students openly called on their colleagues to take to the streets on New Year's Day.

On 27 December, Yuan Mu, together with Yuan Liben and Wang Jiamiu, both deputy secretaries [as published]

of the Beijing municipal party committee, went to Beijing University to give a lecture on current affairs at the invitation of the university's student union and post-graduate student union. When Yuan Mu said that the CPC's action to suppress the democratic movement in June and the action taken by Ceausescu, former communist leader in Romania, to suppress the people in Romania could not be mentioned in the same breath, the students hooted to express their strong aversion. However, yesterday's XINHUA report did not mention Yuan Mu's comment on the Romanian situation. The report only quoted Yuan Mu as saying: "No matter what storms occur in the world, China will consistently adhere to the principle of not interfering in the internal affairs of other countries and other parties, will continue to develop relations with all countries in the world according to the Five Principles of Peaceful Coexistence and develop trade and economic relations with all countries in the world on the basis of equality and mutual benefit, and will not change the policy of opening up to the outside world."

After Yuan Mu finished his speech about current affairs, many students stood up and raised questions. They asked: "Why did Zhao Ziyang fall out of power?" "On what did Deng Xiaoping base his selection of Jiang Zemin as the leader of the third generation?" They also asked other sharp questions to challenge Yuan Mu, and Yuan Mu was irritated at these questions and stood up to argue with the students. The scene became rather chaotic for a time. However, the XINHUA report only had a light touch on this: "Yuan Mu and other cadres then spent more than an hour answering with a realistic and sincere attitude many questions about the domestic and international situation asked by the students and expressing their own opinions."

However, the XINHUA report mentioned in detail Yuan Mu's stereotyped conclusion on the domestic situation after the June 4 incident.

According to the XINHUA report, Yuan Mu said that over the past 6 months or more since the rebellion was quelled, in general, the country was stable in general; the policies were stable; the people's feelings were stable; and the normal public order was rapidly restored.

He said: This shows that the vast majority of the people do support the Communist Party and love socialism; that the CPC is able to stand up to all tests in the prolonged struggle and maintain flesh-and-blood relations with the people, and it is not a party that can be easily disintegrated by any storms in society; that the Army in China is loyal to the party, loyal to the people, and loyal to the socialist motherland; and that the CPC central leading collective has won support and trust from more and more people in the country.

Yuan Mu stressed that China, a country with 1.1 billion people, is still advancing along the socialist course under

the leadership of the CPC and will continue to keep her vigorous posture of reform and opening up in front of the world.

After the news about the downfall of Romanian dictator Ceausescu reached the mainland, the CPC authorities became very nervous over the activities of the university students. They tried hard to block the passage of information and talked a lot about the differences between China and East Europe in order to offset the influence of the upsurge of reform in East Europe. In addition, they also sent the students group by group to grass-roots units to carry out the task of "eliminating pornography" in order to prevent the students from gathering at school campuses to discuss political issues.

Yuan 'Ridiculed' by Students

HK0101053090 Hong Kong MING PAO in Chinese
1 Jan 90 p 10

["Newsletter from Beijing" by Fu Te-sai (0265 1795 6357): "Yuan Mu Was Frustrated at Beijing University"]

[Text] On the afternoon of 27 December, State Council spokesman Yuan Mu, together with Wang Jiamiu, deputy secretary of the Beijing municipal party committee, and Yuan Liben, Standing Committee member of the Beijing municipal party committee and spokesman for the municipal government, went to Beijing University to give a lecture on current affairs and hold a dialogue with the students there at the invitation of the university's student union. In order to prevent the appearance of some embarrassing scenes for these government officials, the student union issued admission tickets to "reliable students" in various departments and gained the approval of the school leadership beforehand. Yuan Mu and his company thought that on such an occasion they would be able to display their eloquence, and they came to the university complacently.

That day, the university was heavily guarded by the security agents. Troublemakers and "backward people" were strictly prohibited from entering the lecture hall. However, a large crowd of students still gathered outside the lecture hall.

Once Yuan Mu stepped onto the stage, he put on the imperious bearing and began to talk randomly about the economic and East European situation. Maybe, he himself was not clear about what he was saying. It was not the first time that the students heard his notorious bureaucratic tone. They hoped that the government spokesman might have made some changes in his style of speech after some "rethinking." However, he did not show any sign of repentance or any sincerity for the dialogue with the students, but just kept uttering meaningless words. The students began to show impatience.

When mentioning the sensitive Romanian issue, Yuan Mu said that "the events in Romania and the June 4 incident in Beijing cannot be mentioned in the same

breath." Then he kept stressing this point several times. This caused a commotion among the audience. According to the student union leaders who presided over the meeting, students were allowed to raise written questions and pass the question slips to the speakers; Yuan Mu could select the questions he was willing to answer. However, Yuan Mu found that there were too many sharp and thorny questions and wanted to dodge these question. So he asked the student union leader who presided over the meeting to handle the questions. Then, with the meeting president only able read the questions one after another, Yuan Mu began his tricky performances. He sometimes laughed, sometimes talked nonsense, sometimes said that his eyes and ears were not good. He made an exhibition of himself and did not want to seriously answer the questions.

A student asked: "Did Qiao Shi's visit to Romania serve any political purpose?" Yuan Mu answered: "No." He then said that the events in Romania were provoked by hostile foreign and domestic forces. A student asked: "Do you mean that the National Salvation Committee represents the hostile domestic forces?" Yuan Mu found the flaw in his speech and immediately denied what he just said. This roused a gust of boos in the audience.

Then, a student asked: China said that the Romanian people's selection should be respected, does this mean that the people represent justice and the party may commit mistakes? Yuan Mu said: "The people should be a concrete rather than an abstract concept...." Such a cliché once again roused boos in the audience.

Yuan Mu said in his lecture that the decline in the economic situation was caused by the mistake of a leader. Then, the students asked him whom he referred to. He said that he referred to Zhao Ziyang. A student then asked: "We often hear that you call Comrade Zhao Ziyang chief architect of reform, but you said that Zhao Ziyang should be blamed for the economic problems. Why is this so?" Yuan Liben was irritated at this question and took over the microphone to ask: "Are you a student at Beijing University?" The student answered: "I am a student of the Economic College." The two Yuans felt deeply embarrassed.

A student also asked: "Hu Yaobang and Zhao Ziyang failed to form a leadership core for so many years, how could Jiang Zemin form the leadership core as soon as he took office?"

A student asked: "Li Peng is rather unpopular at home and abroad, is there any suitable person to replace him?" Yuan Mu shook his head and said: "I cannot answer this question, I am not in a position to answer this question."

Beijing University is really worthy of its name. The students there asked many penetrating questions that Yuan Mu did not expect. Some students simply took advantage of this opportunity to challenge Yuan Mu by asking questions loudly, and they did not expect answers. From the embarrassed and flustered look of the two Yuans, the students got the answer they wanted.

The atmosphere of the lecture hall became lively and cheerful. Boos and hoots appeared again and again in the audience. The two Yuans fled helter-skelter in the atmosphere of being ridiculed by the students. In the 1920's and 1930's, the then students in Beijing University also bitterly denounced and ridiculed the warlord representatives in the same way.

Yuan Mu Speaks to Journalists on Telling Truth

HK0101141690 Beijing ZHONGGUO XINWEN SHE in Chinese 1251 GMT 1 Jan 90

[Text] Beijing, 1 Jan (ZHONGGUO XINWEN SHE)—Spokesman of the State Council Yuan Mu said: When speaking to common people, we must seek truth from facts. If we can do so, we can obtain good results. If you put undue emphasis on whatever side and turn things around, you might please the public with claptrap for a while or win the favor of some persons, but what you say will eventually be untenable.

Yuan Mu expressed these remarks while addressing a discussion attended by editors and reporters of JINGJI CANKAO. Propaganda and reporting work of JINGJI CANKAO, published by the XINHUA NEWS AGENCY, has now been placed under the guidance of the Research Office of the State Council. Yuan Mu is director of the Research Office and the person who is responsible for directly connecting with and guiding JINGJI CANKAO on behalf of the State Council.

Regarding living a thrifty life, Yuan Mu said: This mainly refers to exercising control over expenses of state organs and organizations, such as using public funds to entertain guests, sending gifts to them, or seeking extravagance. All these things must be strictly controlled. Living a thrifty life does not mean that common people must generally lower their living standard.

Yuan Mu also stated: In the current economic improvement and rectification, some enterprises have suspended or partly suspended their production, and the incomes of some workers and staff members have been affected by this. The standard of living of some people has dropped, and some people have even encountered economic difficulties. This is a temporary phenomenon. The CPC and the government have paid close attention and shown concern for the situation of these people. They are exerting efforts to make proper arrangements for them. Various localities are also doing strenuous work in this regard.

While talking about rural problems, Yuan Mu said that the CPC Central Committee and the State Council have also paid attention to the issue of the overload placed on the peasants. We must carry out conscientious investigation, devise methods, and put forward feasible suggestions. We must stress that our rural policy is stable and will remain unchanged. Regarding measures for rural reform, we must stress stability and continuity first of all. On such a basis, we can promote the work of substantiation and improvement.

Businessmen 'Reawakened' to Potential for Unrest

HK3012010189 Hong Kong SOUTH CHINA MORNING POST in English 30 Dec 89 p 10

[By John Kohut in Beijing]

[Text] The tension that has built up in Beijing since the downfall of Rumanian dictator Nicolae Ceaucescu has reawakened some foreign businessmen in Beijing to the potential for political unrest in China.

But in contrast to Hong Kong, where the stock market has plunged because of nervousness that a political storm is building up in China, foreign businessmen in the Chinese capital are taking the situation in their stride.

"I think the place is potentially explosive," one Western banker said. "There is a sense that people are waking up again", following the overthrow of the Rumanian dictator.

Chinese citizens have been closely following the events that led to the execution of Ceaucescu on Christmas Day, drawing parallels between the uprising in Rumania and the failure of China's own democracy movement this spring.

But foreign businessmen in the capital believe there is no immediate cause for a reassessment of the political risk involved in doing business with China, in part because most companies have taken into account the potential for further tumult following the June crackdown on dissent.

"If a firm is already in China, it should stay," the banker said. "But it should be more conservative, take less risk at any one time ... for people about to write the big cheque, they should hold off".

Since the visit of American National Security Adviser, Mr Brent Scowcroft, in Beijing earlier this month, there have been signs that China is moving to normalise relations with Western nations and that large-scale lending to China might follow.

But if some companies had been lulled into a sense that the business climate might gradually improve, the excitement generated among ordinary Chinese by the events in Rumania has served as a reminder that resentment towards the Government is deep.

"It is quite clear people have taken heart from Rumania. We have to look at things again because it (potential unrest) has all been brought forward," said the manager of a Western trading firm. "It makes me feel vulnerable to watch Rumania and wonder how things might go here".

Reported Agreement Denied

HK0201120090 Hong Kong CHENG MING in Chinese No 147, 1 Jan 90 p 14

[Article by special correspondent Chang Chuan (1603 1557): "It Is Difficult For Fang Lizhi To Leave China"]

[Text] A diplomatic official of the CPC said: That China and the United States reached an agreement on letting Fang Lizhi go to a third country is purely a rumor. Deng Xiaoping has made known officially his position on the issue. Jiang Zemin reaffirmed to George Bush that they would make their own decision on solving the Taiwan issue and no outsider was expected to get in a word of interference.

"Fang Lizhi will leave the U.S. Embassy in China for a third country very soon."

Not long after the U.S. presidential special envoy Brent Scowcroft returned to the United States from Beijing, Western news agencies released such a news account. Some of them even said that the "third country" Fang Lizhi intended to go to was a neutral country.

People who were concerned about politics immediately swept their eyes over the world and fixed them on Switzerland, which is situated in the middle of the globe.

What is the credibility of this news?

Since President Bush's visit to the China mainland [as published], seemingly there have been some improvements in relations between China and the United States—including the sending of satellites to China for launching and U.S. banks granting loans to agencies trading with China counterparts. It seemed that the relations between China and the United States began to move toward normalization. Inferring from this, the possibility of Fang Lizhi to go abroad is not nonexistent.

With this question in mind, this reporter asked the person concerned of the Ministry of Foreign Affairs of the CPC about the issue.

The reply was no. The news was a rumor circulated abroad and it was groundless.

One source says that when currently sending his special envoys to China, Bush asked for a meeting for them with Deng Xiaoping. After hesitating for a while, Deng Xiaoping said: That's all right. Let them come. Consequently, Deng Xiaoping met with the envoys. On Bush's behalf, the envoys raised some demands which the CPC viewed as conditions put forth by the American side for resuming friendly relations. Sources say that the "conditions" included suggestions for the lifting of martial law by the CPC and free passage out of China for Fang Lizhi. Nevertheless, the CPC did not accept the "conditions."

On its part, the CPC told the envoys that since Fang Lizhi was a wanted criminal, how could he be allowed to go to a third country? Deng Xiaoping said to the Americans: Since you are willing to take on the burden, take it on! The CPC will not barter away principles.

Apparently, the CPC assumed an uncompromising attitude. As they see it, Fang Lizhi is an important criminal and will be arrested and brought to justice some day. Deng Xiaoping asked the envoys to convey his verbal message to Bush: If the American President sends people

to discuss this problem next time, we will not discuss it. Of course, this made the American envoys feel very much embarrassed.

According to one source, during their conversation, the American presidential special envoy was also concerned about the question of the CPC dealing with Taiwan and expressed the hope that the issue would be settled with peaceful means and without using military force. However, Jiang Zemin told him: On this issue, the CPC will make its own decision. Whether to use peaceful means or military force is China's own internal affair and no outsider is expected to get in a word of interference.

Currently, the CPC has not slackened the slightest degree its effort to keep a look out over the U.S. Embassy in Beijing and is keeping particularly sharp watch on the ethnic Chinese going in and out of the embassy.

Many overseas scientists sympathize with Fang Lizhi's plight. They have sent various reference books as well as academic books and newspapers to Fang Lizhi through the U.S. Embassy in Beijing, which has also provided Fang with some basic conditions, such as a typewriter.

Since his return to the United States, Lin Pei-jui, director of the Beijing Office of the "U.S.-Chinese Academic Exchanges Committee" who accompanied Fang Lizhi and his wife in taking refuge in the U.S. Embassy in Beijing, has made contacts with Fang Lizhi. He said: A famous Chinese scientist who is unable to go out of a tiny U.S. Embassy freely can hardly be in high spirits.

RENMIN RIBAO Editorial on 1990's Goals

OW3112224989 Beijing XINHUA Domestic Service
in Chinese 1217 GMT 31 Dec 89

[Text] Beijing, 31 Dec (XINHUA)—RENMIN RIBAO New Year Editorial: "Ushering in the 1990's With Full Confidence"

With the first bell of the year ringing, the 1990's of the 20th century have arrived. Looking back on the militant course in the past decade and looking forward to the next decade, we are full of pride and enthusiasm and filled with confidence.

The 1980's, which has just ended, was a decade when people of all nationalities in the country, under the leadership of the Chinese Communist Party, triumphantly marched along the socialist road and made great achievements in the socialist construction and reform, and when socialism filled China's vast land with life and demonstrated enormous vitality.

During the 1980's, we had focused our attention on economic construction, adhered to the four cardinal principles and persistently carried out reform and opened to the outside world. Achievements of socialist modernization have attracted worldwide attention. The national economy had expanded rapidly, and the gross national product was doubled to rank eighth in the world; great achievements were made in education,

science, culture and national defense. The country's comprehensive strength has been greatly enhanced and people's living conditions remarkably improved.

During the 1980's, we had adhered to the four cardinal principles. The leadership of the Communist Party has been further strengthened and the socialist system consolidated. After repeated struggles, especially the struggle to end the turmoil and quell the counterrevolutionary riot which took place between spring and summer last year, China has repulsed the attack by bourgeois liberalization and shattered overseas hostile forces' scheme to bring about "peaceful evolution". "Only socialism can save China; only socialism can develop China" and "China will always follow the socialist road" have become a firm common belief among the people of all nationalities throughout the country.

During the 1980's, we had persistently followed the general principle in promoting reform and opening to the outside world, explored ways to perfect and develop the socialist system, carried out a series of important reforms from the economic base to the superstructure, and further liberated the productive forces. All this has aroused the enthusiasm and creativeness of the workers, peasants and intellectuals; boosted the development of the socialist planned commodity economy; and promoted socialist democracy and the legal system. While adhering to the principle of independence and self-reliance, China has boldly opened itself to the outside world; vigorously increased economic, technological and cultural exchanges with other countries; and introduced funds, technology and advanced management expertise from abroad to speed up its own modernization process.

During the 1980's, we had made unremitting efforts to end the status of division of the motherland and achieve the magnificent goal of reunification at an early date. In line with the concept of "one country, two systems", the Chinese Government has signed agreements with the British and Portuguese Governments respectively on settling the question of Hong Kong and Macao. In this connection, our party and government had done a great deal of work and the people on both sides of the strait had helped push the work forward. Pleasing changes have taken place in the relations between the Chinese mainland and Taiwan.

Naturally we also soberly realize that during the 1980's we had committed some errors. There are many problems to be solved and many obstacles to be overcome. However, in spite of all this, the 1980's is a glorious and significant chapter in the history of the People's Republic. Hundreds of millions of Chinese people have fully realized through their own experience that there will be no future for China without taking the socialist road and implementing the reform and opening policy, and that the only correct way to build China into a modern socialist country with prosperity, democracy and civilization is to emphasize the central task of economic development and the two basic points, namely, adherence to the four cardinal principles and

implementation of the reform and opening policy, and strive to build socialism with Chinese characteristics. If we talk about any achievement of the 1980's, a common understanding in this connection should be regarded as the most significant achievement.

The whole party and the whole nation face arduous tasks in the 1990's. China must redouble its GNP by the turn of the century, as required by the "three-stage" strategy for the development of the national economy. The second stage is most important and difficult. If we score victory in this stage, we will have laid a solid foundation for the third stage.

To achieve the goal set for the 1990's, the most important thing is to maintain national and social stability. China has such a large population and weak foundation. Without a political situation of stability and unity and without a stable environment, nothing can be achieved. Stability overrides everything. To ensure stability, it is imperative to carry out education in adhering to the four cardinal principles and fight against bourgeois liberalization and "peaceful evolution." If the thought trend of bourgeois liberalization is permitted to prevail, we are positive that turmoil will never end, there will be no peace in the country, and it will be impossible to achieve the goal of redoubling the national GNP. We must maintain stability. Fundamental changes will have taken place, even if China smoothly develops itself for several decades. The political restructuring will be continued, but it must be based on the four cardinal principles and aimed at creating a stable environment for construction and reform in various fields. We must maintain stability this year, next year and throughout the entire 1990's. We still need stability in the next century. China's highest interest is stability. Those who wish the motherland prosperity must keep this point in mind at all times.

To achieve the goal set for the 1990's, we must draw the profound lesson of the practice of stressing material civilization while neglecting spiritual civilization, as was done in recent years. While working hard to develop material civilization, we must pay full attention to developing spiritual civilization at the same time. In close connection with the actual situation in carrying out construction and reform and opening to the outside world and with what is actually in the minds of the people, we must vigorously strengthen and improve ideological and political work to constantly educate all the people in the country, especially the youngsters, in patriotism, collectivism, socialism, communism, the principle of self-reliance and hard work, and the revolutionary traditions. The spirit of utter devotion should be vigorously encouraged. It is necessary to improve the qualities of the whole nation and nourish people of a new socialist type with ideals, ethics, culture and a sense of discipline. When the people's ideological awareness is raised and their overall qualities are improved, they will become a gigantic material force in realizing the four modernizations program and rejuvenating the Chinese nation.

To achieve the goal set for the 1990's, it is essential to earnestly sum up historical experience. Particular attention should be paid to summing up the experience of being the ruling party and of exercising leadership in carrying out reform and opening up to the outside world. The building of the Communist Party should be strengthened. Our party is the leading core that guides the Chinese people in building socialism with Chinese characteristics and the decisive force to maintain long-term stability of the political situation in China. In general, our party is good and strong. However, over the past few years, its work in party building and its ideological and political work have been weakened, and some serious problems exist in the realms of ideology, style of work, discipline and organization within the party. We must make up our mind and impose high standards on party members. Since the 4th Plenary Session of the 13th CPC Central Committee, we have done a great deal of work in this regard, and achieved initial results. The people are satisfied with our efforts. However, we must continue to work hard. We must firmly adhere to the purpose of wholeheartedly serving the people, hold fast to the mass line, improve the work style of the leadership, and restore and develop the flesh-and-blood relations between the party and the masses. So long as the party is consolidated, united and militant and has close ties with the people, no force whatsoever can stop China from advancing.

The original foundation of our country is quite weak. People must make unremitting efforts for several generations in order to help a big nation like China become prosperous and strong. We must encourage people to work hard, build the country and run all undertakings through thrift and hard work. To wage arduous struggles is a fine tradition of our party and nation. With the leadership of the Chinese Communist Party and the socialist system, the diligent and brave Chinese people will definitely be able to achieve our set goal by working harder than ever before.

All our activities are aimed at developing China's economy and improving the people's living conditions. The economy is the foundation. At no time should we forget the central task of economic construction. First of all, agriculture must be stabilized and developed, for it is the basis of economic and social stability. In the 1990's we should develop agriculture as a foundation. Basic industries such as energy, transportation, and raw materials should be greatly expanded. The production structure should be further rationalized and economic efficiency raised. People's livelihood should be improved gradually on the basis of production growth. The economic reform should be further perfected and deepened to ensure sustained, steady and harmonious development of the national economy.

The year 1990 is the first year of the 1990's, and also the second year in implementing the guideline of improving the economic environment, rectifying the economic order and deepening the reform. To carry out our work well in this year will be a good beginning in achieving the

goal set for the 1990's. At present, China's economy finds itself in a new stage of readjustment. We must inspire our enthusiasm; strive to forge ahead; unswervingly and continuously implement the various resolutions adopted at the 4th and 5th Plenary Sessions of the 13th CPC Central Committee, the guideline of further improving the economic environment, rectifying the economic order and deepening the reform, as well as the policy of opening to the outside world; and carry out our work well in various fields. In dealing with foreign countries, we must continue to pursue the independent foreign policy for peace and develop relations of friendship and cooperation with all the countries in the world on the basis of the Five Principles for Peaceful Coexistence.

Comrade Mao Zedong said: "China should make even greater contributions to mankind." Comrade Deng Xiaoping pointed out: Efforts must be made to quadruple the GNP by the end of this century and attain a comfortable living standard. "At that time, China's GNP may reach U.S.\$1 trillion in terms of national strength. This populous Chinese nation of ours will then put an end to poverty and make even greater contributions to mankind." Let our whole party and the people of all nationalities throughout the country closely rally around the party Central Committee with Comrade Jiang Zemin as the core, and work hard to achieve this magnificent goal!

Conditions for Political Prisoners Reported

HK0201024090 Hong Kong MING PAO in Chinese
2 Jan 90 p 8

["Newsletter from Beijing" by Tungfang Liang (2639 2455 0081): "Accusation Made by Qincheng Prison"]

[Text] The prison for imprisoning political prisoners situated in northern Beijing, Qincheng Prison, is apparently too small for so many prisoners with the result being many prisoners contract diseases. Almost all prisoners are suffering from physical and mental torment.

As disclosed by a postgraduate student from a certain university who has just been released, about 10,000 dissidents are still being detained here, and most of them are a mass of bruises. Being intellectuals and students, most of them made a false statement after not being able to stand the cruel torture, and some were mentally deranged.

This postgraduate confirmed that Wang Dan and Guo Haifeng are among the prisoners.

It is reported that the personnel in charge of the prison have a right to interrogate the prisoners. As more prisoners are being sent to the prison, some prisoners "who have been found guilty" are likely to be sent to the reform-through-labor farm in northwest China.

The postgraduate was released recently because the investigations revealed no evidence against him. Before

that he was beaten up by soldiers from the People's Liberation Army and personnel in charge of the prison, and was sentenced to 100 days' imprisonment.

He said that he had signed a written statement which the authorities had prepared beforehand because he failed to withstand the beating. Later as the authorities found that he was only an ordinary student who had taken part in the hunger strike and was unable to provide information about the Beijing College Students Federation, they sentenced him to 100 days' imprisonment on charges of "deceiving the public organ." Then the authorities released him when they had to vacate some rooms.

The student said that they had been forced to write materials for what they had done every day. Wailings were often heard from the prison rooms, and colds and pneumonia were prevalent.

This slim student choked with sobs at the small luncheon held by his fellow students for him in celebration of his regaining "freedom." He said he shed tears for his comrades-in-arms who are still suffering. He said that he did not experience any sense of "freedom."

Beijing Municipal Authorities on Bomb Alert

*HK0201065490 Hong Kong CHENG MING No 147
in Chinese 1 Jan 90 p 8*

[Article from 'Reference News Column' by Liu Yen (3177 3220): "A Building in Which Mines Are Swept For Every Day"]

[Text] During the 2 months up to the end of last November, a total of 26 incidents, in which the martial law forces were attached, took place throughout Beijing. A classified document issued by the martial law command post says: "5 soldiers were injured, and 2 soldier drivers were missing." To prevent unexpected incidents, an antiexplosion squad has been stationed in the building housing the Beijing municipal government and the Beijing Municipal CPC Committee. Thirteen soldiers carry out mine inspections and make sure the preventive measures against explosions are secured every day. The soldiers have to inspect Li Ximing's and Chen Xitong's cars to make sure there are no time bombs before they pick up the leaders, making the soldiers nervous and the whole matter ridiculous.

Wang Fang Views 'Love the People' Campaign

*OW0101135790 Beijing Television Service
in Mandarin 1400 GMT 31 Dec 89*

[Report on interview with Wang Fang, state councillor and minister of public security, by unidentified station correspondent on 31 December; from the "Night News" program—recorded]

[Text] The China Central Television Station [CCTV] not long ago broadcast the Ministry of Public Security's notice on the launching by the public security agencies of the "Love the People" month campaign. It is now being

carried out across the country. The CCTV interviewed Comrade Wang Fang, state councillor and minister of public security, today on why the campaign was launched and what this year's "Love the People" month wants to accomplish. [video opens with medium shot of seated Wang Fang being interviewed by station reporter, then cuts to a closeup of Wang Fang as he begins to speak] [Begin Wang Fang recording] Public security agencies have a fine tradition of enhancing the discipline and image of their force. The good relations between the police and the people has in the past helped to facilitate the implementation of effective measures adopted by the public security agencies. [end recording]

[Video cuts to show shots of public security officers and policemen carrying out "Love the People" activities, including such shots as officers shaking hands with people, talking with an old woman, cleaning windows for residents, singing to old women, and holding meeting with people] Minister Wang Fang pointed out: The "Love the People" month is a good way to carry forward the fine tradition and to maintain close ties between the police and the people. The public security force can be counted on by the party and the people and is a fighting force. However, it should not be overlooked that, in recent years, as more and more new faces joined the public security force, some of the grass-roots officers and policemen have not been very good at dealing with the people because of their lack of knowledge about the nature and purpose of the public security force. The campaign, therefore, is aimed especially at them and seeks to teach them about our fine tradition. It is hoped that through the campaign they will learn to do good deeds, concrete deeds for the people, and that it will become second nature to them to serve the people wholeheartedly. Public security agencies enforce laws. Public security officers and policemen are in constant contact with people from all walks of life as they carry out their duties. The people can see for themselves whether public security officers and policemen obey the law and are honest when performing their duties. [Video cuts to closeup of Wang Fang]

Wang Fang pointed out: The main purposes of this year's "Love the People" month are to promote government integrity, to win the people's trust, and to maintain closer ties between the police and the people. The grass-roots units should solicit opinions from all sectors of society, give conscientious thought to those opinions, and take steps to reform and improve themselves. Once discovered, illegal conduct should be handled sternly and the results should be released to the public. All officers and policemen should try to be close friends of the people and maintain close relations with them.

[Video cuts to show more shots of public security policemen conducting "Love the People" activities, including bringing gifts to a house, taking an old lady's blood pressure, wiping windows and door of a house clean, and presenting gifts to people] In a bid to strengthen the ties between the police and the people, representatives of Public Security Ministry agencies, led

by their leaders, went to grass-roots police stations and neighborhoods in Beijing on New Year's eve and visited with public security activists and attended to lonely old people, among the other "Love the People" activities.

[Video shows Hu Zhiguang entering a meeting room, cuts to closeups and medium shots of residents speaking into microphones] Hu Zhiguang, vice minister of public security, led responsible persons from the Political Department and the party committees of the subordinate agencies of the Ministry of Public Security to Donghuamen Police Station, located near the seat of the ministry, on the morning of 30 December. They held talks with local residents and representatives from various sectors of society, soliciting their opinions about the agencies of the Ministry of Public Security, Donghuamen Police Station, and its people's police force. Participants in the meeting highly praised the station's people's police. They also offered sincere criticism and suggestions.

Commentator on Fear of Policy Changes

HK0201140990 Beijing JINGJI RIBAO in Chinese
16 Dec 89 p 1

[Commentator's Article: "Analysis on 'Fears of Changes in Policy'"]

[Text] After the party's Fifth Plenum, on the premise of maintaining social stability, the active promotion of rectification and improvement, and of deepened reform, has become or is becoming, the relatively explicit and unanimous understanding and action for the absolute majority of comrades inside and outside the party; and this is the beneficial condition for overcoming the temporary economic difficulties currently facing us. However, some comrades do not have a clear understanding of the current situation, and they are afraid of "changes in policy"; some of them have even mistaken that certain policies have already changed, therefore they are puzzled and worried, which hinders their pace. Facing these incorrect views, it is necessary to make a serious analysis of them, and make clear which ones are unnecessary worries, which ones are erroneous understandings of the policy, and which ones are good changes arising from the implementation of policy.

The so-called fears of changes in policy are nothing more than these problems: First, will there be changes in the series of policies and treaties concerning special economic zones and the enterprises with "three sources of capital" formulated by the party's Central Committee and the State Council? Second, since the early 1980's, for some localities, the party's Central Committee and the State Council have adopted a favorable policy on handing over revenue and keeping foreign exchange; will there be any change? Third, will there be any change in the policy on individual operators and the private economy? In addition, some comrades contradictorily compared the increase of export through development of local products by imported technologies acquired through foreign trade in the special economic zones, with

efforts in reducing profiteering using price differences inside and outside the special zones, and thought that the policy had been tightened; some even took the activities of cracking down on economic crimes, strictly forbidding smuggling and profiteering, as signals or manifestations of changes in policy.

Undoubtedly, these fears of changes in policy, no matter from their viewpoints or from the essence of fact, are not all the same. If they are lumped together without analysis, they can only confuse our minds.

Premier Li Peng recently stressed and pointed out that in order to maintain the continuity and stability of the policy on reform and opening up, there will be no change in the contracting system of responsibility linked to production for rural households, in the enterprises' contracting responsibility system, and factory manager responsibility system, in the policy on finance contracted between the central authorities and localities, in the policy on individual operators and private economy, in the policy on special economic zones, and in the policy on opening up the coastal regions and attracting foreign capital by preferential measures. Here, is already included all the answers to the worries about changes. There should be no doubt about the reform and opening up, and about the series of policies implemented during the reform and opening up, nor should there be any doubt about the continuity and stability of the policy on it stressed by the CPC Central Committee and the State Council. Therefore, it is completely unnecessary for some comrades to fear changes in the policy on special zones and on enterprises with "three sources of capital." Of course, during the course of implementation, some policies have to be complemented and perfected, but this kind of complement and perfection is not a change in policy; it is a better upholding of the original policy. Take the special zone as an example, the demands that they reduce profiteering earned by price differences inside and outside the zone, that they actively use foreign trade as a means to introduce new technology, and that they increase export through development of local production, are efforts which should be made now and in the future. If we say we cannot completely prevent certain phenomena from happening during the early stage of development of the special zones, then, after a few years of development, some special economic zones have already possessed the conditions for increasing export through developing local production, and they should develop this ascendancy better. This is not a change in policy, but a perfection of policy. If, from this, someone reaches the conclusion that there is doubt about changes in policy on the special zones, then it is not in accordance with the fact; it is a one-sided misunderstanding.

Regarding the problem of policy on handing over revenue and keeping foreign exchange for some localities, the attitude of the central authorities is also explicit; that is, continuance and no change. However, at present, the practical situation is that the state faces difficulty in balancing finance and balancing foreign exchange,

whereas some provinces, after practicing the financial contracting system, and after several years' of their own efforts and care from the central authorities, have had certain foundation in economic development; they should make some contributions to the whole country, and get over the temporary difficulty hand in hand with other localities. This is a change in situation, not a change in policy, and they cannot be mixed in discussions.

Regarding the problem of taxation for private enterprises and individual operators, the CPC Central Committee and the State Council has clear policies and regulations, but enforcement has not been good; the taxes for private enterprises are too low, and the phenomenon of evasion of taxes is serious. Some private enterprises use the account books for collective enterprises, and enjoy taxation preference which they should not enjoy; some even raise the banner of being collective units but engage in economic cheating. The departments concerned now grasp work in taxation for private enterprises and individual operators, and this is to resolutely carry out the decision made by the CPC Central Committee and the State Council, and to implement the policy on taxation, but it is not a change in the policy; this is to strengthen taxation work which we should have already grasped well. The rectification of the economic order cannot be viewed as any change in policy.

Regarding the issue of many localities seriously cracking down on illegal activities such as smuggling and profiteering, it is reasonable, lawful, and supported by the masses; it is the "softhearted" problem which must be solved in the course of rectification, improvement, and deepening reform. It has nothing to do with changes in policy, and is not a matter in the domain of whether there is any change in policy. Therefore, we should aim at the puzzles existing among the cadres and masses, and actively publicize various economic policies made by the party. We must analyse various discussions and emotions arising from fears of changes; prevent conceptual confusions and perceptual chaos that should not have occurred; improve correct, scientific, and practical understanding of keeping the continuity and stability of the policy on reform and opening up, implement the party's policy on reform and opening up better, and promote the healthy and smooth development of rectification and improvement, and of deepening reform.

Article Condemns Yan Jiaqi, Dalai Lama

HK0201080790 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 52, 25 Dec 89 p 26

[Article by Sha Hua (3097 5478): "What Kind of Deal Are Yan Jiaqi and the Dalai Lama Making?"]

[Text] A number of the so-called "elite" intellectuals who attempted to overthrow the CPC leadership and the socialist system, fled the country after the Beijing storm. Protected by anti-China international forces, they keep putting up ugly performances against China. In covert collaboration with hostile forces that engage in separatist

activities, they are also trying to undermine China's stability and unity by means of the ethnic issue. On 4 December, Yan Jiaqi et al met the Dalai Lama in Paris, where they issued a "press communique" in the name of the "information office of the Front for Democratic China" and the "office of the Dalai government in exile." Subsequently, the reactionary "elite" and the separatists have moved their shows from the behind the scenes onto the stage.

The collaboration of the reactionary "elite" and the national separatists is based on their opposition to the CPC and the socialist system. Moreover, they also cherish a dream of imposing pressure on China by means of foreign force. They have accused the Chinese Government of exercising martial law in Lhasa and Beijing, and of carrying out "armed suppression" against the "struggle for human rights and freedom." They are peddling the Dalai Lama's "five point peace program" and what they call a "new proposal" raised by the Strasbourg summit meeting, to deceive public opinion. They have confused right and wrong, framed "charges" against the Chinese Government, and asserted that it carried out "armed suppression against the pro-democracy movement." But people can coolly consider this: Which state machine has no armed forces? Which armed forces do not protect state interests? It is important to understand what kind of people are suppressed.

Tibetan separatist forces created a serious disturbance in Lhasa, on 5 March 1989. Crowds of people, carrying "flags of the snowy lion" that symbolized "Tibet's independence," staged demonstrations in Baguo street and on the eastern section of Beijing road. A number of masked people made attacks and carried out looting everywhere. They threw Molotov cocktails into shops and set fire to the commodities they looted. They even extracted oil from a high-voltage transformer and poured it onto the burning commodities. Traffic control posts and lights were destroyed, pedestrians were attacked, and bicycles were burned. Should the state machine sit idly by in the face of these atrocities? To stop this rebellion, maintain social order, and protect the people's lives and property, the State Council declared martial law in Lhasa. This enjoyed the support of the people of all nationalities throughout the country, including the Tibetans. When seeing the stable situation after martial law was declared in Lhasa, a foreign writer said: "Any civilized cradle requires the protection of peace and a stable hand." This is also the wish of the Tibetans.

One of the masks put on by the reactionary "elite" is "protecting human rights." Their performances in Beijing during the period before June still remain fresh in people's memories. Defying law, they instigated strikes, demonstrations, and sit-ins, and set up barricades to cut traffic and public transport, thus seriously disturbing the people's studies, work, and lives, and violating others' basic rights. Are they qualified to talk about "human rights"?

China has done a great deal in protecting human rights. Internationally, it appreciates and supports UN efforts in protecting human rights and has joined the seven nations' international treaty on human rights. Domestically, the socialist system has provided conditions for practicing human rights; the people enjoy basic rights and personal freedom in the political, economic, cultural, educational, and religious fields as well as in social life; and special policies and preferential treatment are provided for minority nationalities, who have become equal members of the motherland's big family. It is obvious to all that China respects and protects human rights.

Another mask put on by the "elite" is "peace and nonviolence." They have dished out the Dalai Lama's "five point peace program" and the "new proposal" of the Strasbourg meeting. In the final analysis, the "program" and "proposal" are aimed at negating the Chinese Government's sovereignty over Tibet and the fact that Tibet is an integral part of Chinese territory. Under these preconditions, the Dalai Lama proposed that Tibet would "hold contacts with the People's Republic of China" as an "autonomous democratic political entity," and asserted that what he called the "Tibetan government" would "have the right to decide all affairs concerning Tibet and the Tibetans," thus taking Tibet as a sovereign state and fundamentally changing its legal position. As a matter of fact, he was trying to practice "Tibet's independence." Yan Jiaqi said that the "question of Tibet can be solved under a federal system set up in a democratic, peaceful, and mutually beneficial manner." Yan Jiaqi is clear about the Dalai Lama's intention of realizing "Tibet's independence" under the pretext of forming a "federation" with the Chinese Government. He had an ulterior motive in lauding the Dalai Lama's proposal.

Tibet was under feudal serfdom before its democratic reform in 1959. Over 95 percent of its population were serfs and slaves, and they did not even enjoy the basic right to live. After Tibet's democratic reform, its people began to take the socialist road together with the people in the rest of the country. The Tibet Autonomous Region was established in 1965. It is true that the Tibet Autonomous Region has to improve its work concerning regional autonomy over the last 20 years, but the socialist road it is traversing was chosen by the Tibetan people themselves. This is an inevitable trend of Tibetan history, and no one can alter it.

Following reforms and opening up in socialist countries for the last few years, Western reactionary forces seem to have taken more interest in the ethnic issues of socialist countries. They are seeking a breakthrough point in these ethnic issues with the aim of opening the door of socialist countries for "peaceful evolution." Therefore, the collaboration between the reactionary "elite" and the Tibetan separatist forces is not a coincidence. We should pay close attention to their activities and not take them lightly.

Military

Article Cites Increasing PLA 'Instability'

HK0201055290 Hong Kong CHENG MING No 147
in Chinese 1 Jan 90 p 8

[Article from 'Reference News Column' by Pi Chin (3968 0366): "500 Political Events in Beijing"]

[Text] The instability within the Army is gathering intensity. According to the statistics compiled by the Public Security Department under the Central Military Commission, a total of 448 cases relating to public security and 557 political incidents took place within the Army in the Beijing area for the entire year beginning in November of 1988, killing and injuring 17 cadres and soldiers, including two deputy division commanders of colonel grade (not including the cadres and soldiers who died and were injured in the "quelling of the rebellion"). These two kinds of incidents increased in the 2d half of the year as compared with the corresponding period of the previous year, and it was estimated that they increased by 25 percent as compared with the first half of the year.

Commentator Urges Building Defense Reserves

HK1312013589 Beijing JIEFANGJUN BAO
in Chinese 25 Nov 89 p 1

[Commentator's article: "Build a Powerful National Defense Reserve Force"]

[Text] With the approval of the State Council and the Central Military Commission, the Chinese National Defense Ministry has recently commended a batch of advanced units and individuals engaged in the people's militia and reserve service work. This is indeed great news for people engaged in China's national defense reserve service work. Filled with great joy, we take this opportunity to extend our warm congratulations and pay our sincere tribute to all the advanced units and individuals that have recently been commended by the Chinese National Defense Ministry!

Since the 3d Plenary Session of the 11th CPC Central Committee, under the correct leadership of the CPC Central Committee, the State Council, and the Central Military Commission, our country's people's militia and reserve force work has made great achievements in promoting our country's overall economic construction and serving our country's national defense modernization after carrying out a series of readjustments. Thus a large number of advanced units and individuals have emerged in this process. Those who have recently been commended by the Chinese National Defense Ministry are the outstanding representatives of a very large number of advanced units and individuals. The broad masses of our cadres, militiamen, and reserve force personnel must respond timely to the call made by the Chinese National Defense Ministry and learn from these advanced units and individuals by adhering more closely

to the four cardinal principles and adopting a firmer political stand in opposing bourgeois liberalization. The broad masses of our cadres, militiamen, and reserve force personnel must also learn from these advanced units and individuals by further developing their patriotic spirit of showing profound love for our motherland and devoting themselves to China's national defense cause; their heroic revolutionary spirit of fearing neither hardship, bloodshed, nor death; and their spirit of boldly carrying out reforms, making progress, and striving for success amidst enormous difficulties. The broad masses of our cadres, militiamen, and reserve force personnel must also learn from these advanced units and individuals by redoubling efforts in their work and by making more contributions to the building and strengthening of China's national defense reserve force and to the realization of four modernizations in China.

The recently convened 5th Plenary Session of the 13th CPC Central Committee and the Enlarged Meeting of the Central Military Commission have put forward the principle of furthering the campaign of improving the economic environment, rectifying the economic order and deepening the on-going reform as well as higher demands on our people's militia and national defense reserve service work. Hence we must steadfastly implement and carry out all the decisions made by the CPC Central Committee and the Central Military Commission. We must also, under the guidance of the spirit of the 5th Plenary Session of the 13th CPC Central Committee and the spirit of the Enlarged Meeting of the Central Military Commission, further implement the principle of integrating a small but efficient conventional army with a strong national defense reserve force, a principle which was formulated by the Central Authorities; make redoubled efforts to strengthen our people's militia and national defense reserve service work in border and coastal regions, in big and medium-sized cities, and in areas inhabited by ethnic minorities; and make unremitting efforts to strengthen our education in our party's basic line and on national defense among the broad masses of our militiamen and national defense reserve service personnel with a view to heightening their consciousness in adhering to the four cardinal principles, opposing bourgeois liberalization, and strengthening their national defense concept. We must make every possible endeavor to guarantee our party's absolute leadership over our people's militia and our national defense reserve force and enable our people's militia and our national defense reserve force to ideologically and politically keep in line with the CPC Central Committee in their actions, make increased efforts in their work, and make more contributions to the building of a powerful national defense reserve force in China!

Military Industry Turns to Civilian Production

HK2812061789 Beijing ZHONGGUO XINWEN SHE
in Chinese 0754 GMT 20 Dec 89

[Report by Zhu Daqiang (2612 1129 1730): "China's Military Industrial Enterprises Become an Important

Component Part of China's Economic Construction"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 20 Dec (ZHONGGUO XINWEN SHE)—With their unique technological advantages and tremendous machinery, equipment, and production capacity, China's military industrial enterprises have become an indispensable, important component part of the state's economic construction in peacetime.

Statistical data show that the military industrial enterprises have turned out over 10,000 civilian products in 40 major categories and that the production of several dozen "first" products have been listed in the state plan. The value of civilian products turned out by the military industrial enterprises exceeds half of the total value of their own line of production.

For a long time, the characteristics of China's national defense industry have determined its independent, closed management system. Following the reform and opening up and driven by the need of the state's economic construction, the government has decided that the defense industry should turn to civilian needs.

As the center of China's high technology, the astronautics industry, which has launched satellites with its own carrier rockets, is rapidly shifting to the new stage of serving national economic construction. The communication satellites, recoverable-type [fan hui shi 6604 0932 1709] satellites, resource satellites, and meteorological satellites have played an ever increasing role in all of the state's civilian departments.

The aeronautics industrial departments have achieved outstanding results in developing civilian aircraft and industrial gas turbines. They have developed and produced "Yun-8" medium-range transport planes, "Zhi-9" helicopters, "Yun-12" all-purpose aircraft, and "Yun-7" feeder aircraft. Meanwhile, the high-performance big passenger cars produced by the aeronautics industrial departments also demonstrate their exceptional characteristics in China's car market.

The peaceful use of nuclear energy is a direction which China's atomic industry has been pursuing in recent years. While vigorously developing nuclear power and other nuclear energy, China's atomic industry has also developed over 1,000 civilian products, such as isotope, rare earth, and geological prospecting.

The proportion of the output value of civilian products by the shipping industry accounts for over 90 percent of the total. In addition to shipbuilding, non-shipping products, such as offshore petroleum platforms and large ship locks, have also been developed. In the course of readjustments, the weapons industry has developed over 400 civilian products involving two major aspects, the means of subsistence and the means of production.

The military industrial enterprises have developed into many joint-production enterprise groups transcending departments, trades, and regions. Their products have

succeeded in entering the international markets. By selling their products to 46 countries and regions, their export volume reached \$360 million last year.

Army Generals Participate as Voluntary Laborers

OW1412032789 Beijing XINHUA Domestic Service
in Chinese 1145 GMT 8 Dec 89

[By reporter Jie Yanzhen (2263 5888 3791): "Generals Work on a Construction Project To Harness a River and Improve Farmland"]

[Text] Nanjing, 8 Dec (XINHUA)—On 8 December, the singing of work songs resounded through a construction site in Luhe County where a project to harness a river and improve farmland was being built.

At 0900, 500 office cadres led by 6 generals of the Nanjing Military Region arrived at the construction site.

"Comrades, let us get to work!" Generals rolled up their trousers and sleeves and began to work like ordinary soldiers. Some of the generals were over 60, but they worked vigorously. A political commissar of the military region, close to 70, dug 10 spadefuls of hard earth without letup. Dai Shunzhi, secretary of the Nanjing City party committee, who participated in the labor along with the political commissar, advised him not to work too fast. He said: "I have not done such work for years. The [Central] Military Commission stipulates that beginning in 1990, every member of the Armed Forces is required to participate in voluntary labor related to national economic construction no less than 10 days a year. From now on, I will do such work more often." Lieutenant General Shi Yuxiao, deputy political commissar of the military region, and Lieutenant General Zhang Ming, secretary of the Discipline Inspection Commission of the military region party committee, dug earth to fill pits along with local people. Peasants offered them cigarettes and tea and urged them to take a break, but they continued to work while chatting with the masses about their families and production. Three major generals who are in their prime—Liu Lunxian, chief of staff of the military region; Wang Yongming, deputy director of the Political Department of the military region; and Shi Shuizhou, political commissar of the Logistics Department of the military region—joyfully dug and carried earth. When the masses saw them working conscientiously, they said that the party's traditional work style had returned.

These generals worked with spades for 5 to 6 consecutive hours, fulfilling their obligation of participating as ordinary soldiers in voluntary labor to help local people.

Economy Urged at All-Army Logistics Meeting

HK2812071889 Beijing RENMIN RIBAO in Chinese
18 Dec 89 p 1

[Article by Luo Tongsong (5012 0681 2646) and Wang Yihua (3769 5030 5478): "Holding a Meeting on Being Thrifty—An Eyewitness Report on the All-Army Logistics Meeting"]

[Text] In the past 2 days, the "rations and forage officers" of the People's Liberation Army have been sitting together and discussing how to lead a thrifty life.

The meeting is held in the lobby of the auditorium of the General Logistics Department. All the chairs, including those for General Zhao Nanqi and Lieutenant General Liu Anyuan, are ordinary household chairs. We asked: "There are many conference rooms in the guesthouse. Why must we use this lobby?" A senior colonel of the secretariat answered: "To use the conference rooms of the guesthouse, it is necessary to pay rent on an hourly basis. In addition, this lobby is not occupied. According to my calculation, we can save at least 30,000 yuan if we make do with the lobby for just a few days!"

Among those attending the meeting, there are 42 generals and 32 lieutenant generals. Each general has his own bedroom and the other participants have to share a bedroom. All participants collectively go by car from the guesthouse to the auditorium no matter whether they are generals, colonels, or junior officers. At meal time, each person is given two vegetable dishes and two meat dishes (ordinary meat dishes only). The responsible person of the guesthouse considered this too stingy and tried to get subsidy for their meals. Deputy Director Zong Shunliu said: "You must not do this. You are a party member and I am Secretary of the Discipline Inspection Commission of the General Logistics Department. Both of us will be punished if we violate discipline!" A rule has also been made. All participants from administrative organs have to eat and sleep at home and meals are not provided for drivers who take participants from units stationed in Beijing to the meeting.

In the past 2 years, Army production has been managed by these "rations and forage officers." They all have some "local products" in hand. Prior to the meeting, the General Logistics Department issued a "rigid order": No gifts should be brought to Beijing and any organ which accepts gifts from units at lower levels shall be punished severely and without mercy! Attendants of the guesthouse told us: "Holding meetings in this way makes our work cleaning the rooms much easier."

We tried to obtain a conference bulletin but failed to do so. Each day, Director Zhao Nanqi and Political Commissar Liu Anyuan sit together with the rest in a circle to study and hold discussions. They know full well what is going on in the meeting. Therefore, no conference bulletin is needed. Each participant is given only a kraft paper bag with several necessary documents in it.

I have participated in many meetings in the past few years, but few were so carefully calculated and strictly budgeted as this one. Comrades taking part in the meeting said: The style of meeting in Yanan time has been revived.

Commentators View Attitudes Toward Economy*HK2712010789 Beijing JIEFANGJUN BAO
in Chinese 8 Dec 89 p 1*

[Article by commentators: "Share the Country's Cares and Burdens, and Work Together To Make the Country Strong"]

[Text] In the process of national improvement and rectification, a serious problem unavoidably confronts the PLA cadres and soldiers: What kind of attitude should be taken to deal with the temporary difficulties that affect the country's economy and private life? After learning the spirit of the 5th Plenary Session of 13th CPC Congress and of the enlarged meeting of the Military Commission of the Central Committee of CPC, many PLA units expressed their willingness to share the country's worries, to work together to make the country strong, to strive arduously with concrete actions, and to make contributions toward improvement, rectification, and deepening reform.

This kind of attitude deserves recommendation, as it embodies the interaction between military construction and economic construction as well as objectively reflecting one of the basic principles that military construction should follow the process of improvement, rectification, and deepening reform.

Certainly, in the course of economic construction, any oversight, or omission, of military construction, will lead to weakening of the national security protection, that the country as a whole requires. Ignoring the special characteristics of military management, to demand the "self-perfection and self-development" of the PLA, is obviously impracticable. This is because the PLA shoulders the heavy responsibility of fighting against foreign aggressors on the one hand, and safeguarding the people and participating in peacetime construction on the other. The correct policy should take into consideration both national defense construction and economic construction. This policy implies that, at the time of economic construction and development, the country needs to set aside a reasonable part of the national budget for defense development. The CPC and the government have already paid proper attention to this and are making the best efforts in this direction. The policy also implies that national defense construction must be based on economic construction. It should be remembered at all times that defense is subordinate to economics, and gives in to the overall interest of the country. Especially when the country is having relatively serious difficulties, the PLA must behave patiently, and side with the people, to tide over the difficult period with one heart and one mind. Only this can help the military construction receive solid and lasting financial support, and to grow in line and in step with national economic development.

To share the country's worries during improvement and rectification, it is important to correctly understand the country's current difficulties, and this must be seriously dealt with in order to get mentally prepared for sharing

the worries. It has to be admitted that the country's economic problems and difficulties have accumulated since 1984, thus creating a relatively acute economic situation today. The problems have resulted from mismanagement during implementation of a correct policy, and the difficulties are temporary in nature and have arisen in the path of progress. These are a lot less serious than those in the early 60's or during the Cultural Revolution. More importantly, China has the ability to overcome the difficulties. The country's economic power has been strengthened in the 10 years of reform and the open policy. This year's improvement and rectification measures bear fruit. The CPC has formed a collective leadership, with Jiang Zemin as its nucleus, that promotes the party's unification and stabilizes the country's political situation. After reviewing the economic work of the past 40 years, the Central Committee of CPC has drafted a correct guiding policy, that suits the country's conditions and that ensures a lasting, steady and coordinated development. The PLA commanders and soldiers, "having passed the test of suppressing rebels", have become more vigorous and high-spirited, to unite under the leadership of the CPC Central Committee and the new Military Commission of the CPC Central Committee. All these reliably guarantee the security of the country and the stability of the society. Both of these are necessary to overcome the difficulties. In general, although the situation is acute and duties are heavy, China has the social, political and economic decisive factors and advantages, and we should be confident of success.

To work together and to grow strong with the country, the imperative issue is that one should neither wait passively nor sit idly by under the temporary difficult economic situation. Instead one should overcome obstacles, make progress, and contribute to changing the economic tide and to building the PLA by all possible means. There is no need to hide the facts: During the period of improvement and rectification, the budget must be tight, so that military expenditure can not increase to an appreciable extent in future, and a number of local factories and enterprises may merge, shut down, cease operation or change lines of business. All these may directly or indirectly affect the soldiers' or cadres' families livelihood, and at the same time these may strain the manufacturing and marketing sectors of military undertakings. Confronting these difficulties, one has to look at them and deal with them from the country's viewpoint. This is to say, to put personal interest in line with national interest; to bring near-term benefit in line with long-term benefit; to balance the profit among different sectors; to prepare mentally for several years' tight budget; to vigorously progress despite difficulties; to become self-consciousness in agreeing to and supporting the measures of improving, rectifying, and deepening reform. In the meantime, according to the needs of national economy, the PLA should provide high quality chargeable services selectively to local enterprises as well as free services to the country's economic projects. In the military construction, the PLA should insist on building

the army through thrift and hard work; tapping all possible latent power, to ensure every penny will be spent on the most important and most needed items.

The PLA should continue to promote honesty and to curtail luxury; and should resolutely stop the unjust tendencies of extravagance and waste. While regulation permit, the PLA should improve the existing, or undertake new, industrial production and marketing; and should grow agricultural produce and byproducts that can directly supplement basic daily necessities. Furthermore, leaders at all levels should pay close attention to, and come up with a solution for, the real difficulties and problems with the cadres and soldiers, both personal and of their families, that arise from improvement and rectification. Whenever or wherever there is a possibility of solving a real problem, try by all means to solve it. If this can be done, it is likely that PLA weaponry and livelihood can slowly be improved within the country's financial capability.

To share the country's worries and to work together to make the country strong, are not only needed for overcoming temporary economic difficulties, but also for the political construction of the PLA. Whether one can give priority to the country's benefits, or whether one can be self-conscious and live with the country's difficulties, is an economic test and a political test for cadres and soldiers in general. It is also a political check on the viewpoint and on attitude of all comrades. It is firmly believed, that under the correct guidance of the CPC Central Committee and the Military Commission of the Central Committee of CPC, all PLA comrades should be able to stand the test, and can achieve more in every aspects of military construction at this difficult time, and will materialize by stages and in steady paces, the great goal of military modernization.

JIEFANGJUN BAO Urges Uprooting Formalism

HK2112031389 Beijing JIEFANGJUN BAO
in Chinese 1 Dec 89 p 3

[Article by Kang Hengzhen (0073 0077 4394): "Guard Against Formalism in Exercising the Combat Capability Criterion"]

[Text] Engaging in formalism and practicing fraud does not conform with the combat capability criterion. In time of war, as the formation of combat capability proceeds under the high pressure of war, engaging in formalism and practicing fraud will cause serious losses that are easy for all to see. In time of peace, as opportunities are rare for combat capability to be tested through fire and blood, the bad effects of formalism are not easy for people to see. Therefore, it is necessary to guard against formalism when fostering combat capability in time of peace and in exercising the combat capability criterion.

Formalism finds expression in many aspects. First, some people practice fraud and only pay lip service to the combat capability criterion. It is true that there is a need

to create an atmosphere in which the combat capability criterion can be exercised, but an atmosphere must be made to serve actual needs. Putting up too much of a false front in time of peace will only lead to bloodshed in time of war. Second, some people only follow instructions to the neglect of actual results. These people transplant and copy instructions from their superiors without considering their actual conditions. The combat capability criterion cannot be put into effect. Third, some people are anxious for fame. In judging others' combat capability, they only pay attention to the number of articles published by the press. It is good to sum up useful experience so as to promote army building. But we will be negating the significance of articles and experience if we take them lightly. Fourth, some people like to deify exemplary units. As a result, these exemplary units are divorced from the actual situation of the Armed Forces and have lost their guiding role. Fifth, some people are eager for quick success and immediate benefit. They pay close attention to projects that can yield immediate results, but disregard projects that cannot produce immediate benefit. The formation of combat capability requires a solid foundation, and no "shoddy work" is allowed. Sixth, some people one-sidedly seek new things and have blind faith in foreign armed forces. They regard the implementation of the combat capability criterion as playing tricks and therefore take a nihilist attitude toward our armed forces' rules, regulations, and traditions. They transplant and copy things from foreign powers indiscriminately. This one-sidedness will distract our army building from its correct course.

Formalism is a big obstacle in exercising combat capability criterion. Formalism has either pigeonholed the combat capability criterion or distorted the implementation of this criterion. Our combat capability will remain unimproved if formalism is not uprooted. To get rid of formalism, first, it is necessary to improve the system concerning the implementation of the combat capability criterion and to formulate the relevant law, rules, regulations, and decrees so that the combat capability criterion will still remain authoritative and restrictive even if there is a personnel change. Second, it is necessary to establish other work criteria on the basis of the combat capability criterion, which should also be used to appraise the exploits of army units and individuals. Third, it is necessary to consider the promotions of officers and soldiers according to their achievements in exercising the combat capability criterion. The advanced should be promoted or rewarded and those who practice fraud should be demoted or even punished. It is not difficult to get rid of formalism as long as we are strict and serious in this respect.

Economic & Agricultural

'Encouraging News' on 1989 Economic Performance

OW0101121190 Beijing XINHUA Domestic Service
in Chinese 1111 GMT 31 Dec 89

[By reporter Wu Shishen (0702 1102 3234)]

[Text] Beijing, 31 Dec (XINHUA)—China's national economy went through a difficult course of economic restructuring in 1989 in an effort to improve the environment and to rectify the economic order. However, there is encouraging news on all fronts based on figures reported to the State Statistics Bureau: The contradiction between overall social demand and supply, which has bothered us for many years, is easing; the price increase, the focus of the people's attention, is slowing down; the overheated economic life is cooling off; and the whole national economy is growing and developing continuously in the right direction.

As the year was drawing to a close, this reporter found himself at the State Statistics Bureau, watching statisticians producing a series of heartening figures on their computers. Grain output for the entire year reached a record high 407.45 million metric tons. Agricultural production, which has been stagnant for many years, is making a turn for the better. The output of coal, the "food grain" of industry, broke the 1 billion metric ton level, making China the top producer in the world. Steel output reached 60 million metric tons for the first time, making China one of the world's four major steel producers. The power departments generated 580 billion kwh of electricity, fulfilling the Seventh 5-Year Plan 1 year ahead of schedule. The tobacco industry, which ranks first in the country in terms of profits and taxes paid to the state and which has paid a total of 100 billion yuan of profits and taxes to the state in the last 7 years, continues to grow at two-digit rates. Firecrackers were set off at the construction sites of dozens of large- and medium-sized electrical, petroleum, chemical, coal, rail, and communications projects to celebrate their completion and their addition to the state's production capacity.

Zhang Sai, director of the State Statistics Bureau, gladly told the reporter that, according to initial estimates, the gross national product [GNP] and the national income for 1989 grew by around 4 percent and 3.5 percent, respectively, from the previous year. As a result, the country's economic strength has further improved. During the 1980's, China's GNP rose 1.4 times, a rate of growth rare in the world.

The efforts to improve the economic environment and to rectify the economic order have produced initial results, and the good news is being reported one after another as the year draws to a close. People also can feel, to their delight, that "commodity prices are not rising as fast as in the past, and that the inflationary trend is weakening." Statistics show that social investment needs and consumption needs, the two inflationary factors that trigger inflation, are weakening. It is estimated that the nation's total investment in fixed assets will decline by approximately 40 billion yuan from the previous year. The excessive increase in the total amount of wages has eased notably, and the increase in institutional purchases will be controlled at around 4 percent. The rate of increase of commodity prices is falling month after month,

declining to a single-digit rise since October. It is estimated that the overall rise in commodity prices for the whole year will be slightly lower than that of the previous year. Consumers are increasingly calm about their expectations with regard to economic developments. Savings deposits of residents have risen by more than 120 billion yuan, making it almost certain that the total balance of saving deposits of urban and rural residents will top 500 billion yuan.

Simultaneous with the efforts to improve the economic environment and to rectify the economic order, new steps have been taken to deepen the reform. Enterprises throughout the country have taken steps, in the face of many difficulties, to uphold and improve the contract responsibility system for enterprise management and to strengthen internal management, thus making important contributions to stabilizing their operations and the economy. A considerable number of enterprises have begun a new round of contracting work following the expiration of the current contracts, and they are actively exploring new ways of managing to make even greater contributions to the state. A large number of enterprises have joined hands in their efforts to improve the economic structure and to raise competitiveness, and over 1,600 large enterprise groups have been formed in the country as a result. These enterprises are becoming the main force of economic revitalization in their respective fields, and they have greatly increased their export values and participated actively in international competition.

The statistics also tell the world that China's door is still wide open, as its foreign trade and use of foreign capital have maintained the momentum of development. The overall export value for the whole year is expected to top \$110 billion, an increase of around 10 percent over the previous year. China's export of manufactured industrial goods is rising constantly. Its textile and garment exports brought China \$13 billion in foreign exchange and makes the country a major textile exporter. There are more than 5,000 new projects using foreign capital, with the amount of foreign investment signed for topping \$10 billion. The number of wholly foreign-owned enterprises is doubling and redoubling. International tourism has improved gradually in the last several months, and the number of tourists entering China is rising. The country's foreign exchange reserves for the whole year are picking up.

Commentary Reviews 1989 Economic Situation

HK2612142789 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0904 GMT 25 Dec 89

[Commentary by Ge Ping (2047 1627): "A Review of China's Economic Situation in 1989"]

[Text] Beijing, 25 Dec (ZHONGGUO TONGXUN SHE)—For experts who are concerned about the situation in China, 1989 has been an unusual year in both economic and the political situations. However, their

assessments of the economic situation are greatly different. Some hold that the economy "keeps growing" while other hold that the economy has "fallen to its nadir." Anyhow, one cannot find out the real situation and draw a correct conclusion if one does not pay attention to China's special national conditions.

To assess China's current economic situation we must see the difficult conditions under which the Chinese economy moved into the year 1989. People may still remember the economic situation in 1988. The market situation, the price situation, the energy situation, and the financial situation all came to critical points. The excessively rapid development of the processing industries, and the short-term behavior of seeking quick success and instant benefit, caused an across-the-board disproportion in the national economy. In such circumstances it was natural and reasonable that the growth rate be slowed and the momentum of economic development restored through such a slowdown and adjustment. The Western industrialized countries do not lack such experience in the course of their development and some developing countries have even failed to get on top of such an uncontrolled economic situation. China is not the only country to encounter such economic difficulties. Therefore, it was sensible of the Chinese policymakers to take the initiative in turning the helm into the rapids and bringing the situation under control.

At this crucial juncture it is unrealistic to expect the adoption of a "sure-fire plan" or a "well balanced measure." It is necessary to restrain social demand in order to control the price increases; it is necessary to reduce credit in order to cut down on the financial deficit; and the slowdown in industrial growth will inevitably affect a large number of enterprises. The advantageous results of a measure are inevitably accompanied by disadvantages. For the sake of future development, the "bitter fruit" must still be swallowed and there is no short cut. The problems left over from the past cannot be dodged. When the policy for "improving the economic environment and rectifying the economic order" was adopted last year, the possible risks were taken into account. The present conditions show that the policy has achieved the expected results. The national economy did not go out of control and drift into a dangerous condition. The dawn of hope has appeared in the harsh economic situation.

Now, prices have been brought under control. The prices of more than 20 commodities rose at a rate below 10 percent. This not only ensures the people's livelihood but also reduces the unstable factors in society.

The development rate in the processing industries and the construction industry has returned to a normal level, although some enterprises have encountered difficulties. The supply of energy and raw materials for most enterprises is ensured. After the pressure on the energy industry and the transport industry is mitigated, the momentum of future economic development will be better gathered.

China's financial situation has also begun to gradually improve after the appearance of financial deficits for several years. Credit has been controlled and the deposits by the residents have increased by a big margin. The improvement in the financial situation has laid down a good foundation for the gradual elimination of inflation and for freeing the national economy from its predicament.

In addition, people have also noticed the improvement in foreign trade. In the second half of this year, exports have kept increasing and trade surpluses have been recorded for several months. Recently, the renminbi exchange rate was lowered and this will also play a role in promoting exports and increasing the debt-payment capacity.

It was recently reported that this year's grain output increased. This was of great importance for the stability of the entire national economy. There were no fewer natural disasters this year but people's efforts still played an important role in reaping good harvests.

When recalling the past year we may feel easy of mind while still having certain worries. The difficulties have not been completely overcome and some ominous clouds have not dispersed. Difficulties and hopes, challenges and opportunities, all exist at the same time. The economic readjustment in 1989 temporarily slowed down the development rate but this will certainly lay a solid foundation for sustained and stable development in the future.

Deficit for 1989 Set To Top \$16.5 Billia

*HK0101013890 Hong Kong SOUTH CHINA
MORNING POST in English 1 Jan 90 p 8*

[By Willy Wo-lap Lam]

[Text] The budget deficit for 1989 is projected to reach 10 billion yuan (HK\$16.5 billion), or 2.6 billion yuan more than forecast earlier last year, economic sources in the Chinese capital said.

The main reason for the unexpectedly high deficit is inefficiency and dwindling profits, mainly in the state sector.

The worsening economic situation will be discussed in a meeting on the reform of the economic structure, scheduled to begin in Beijing on Thursday.

Called by the State Commission for the Reform of the Economic Structure (SCRES), which is headed by the Premier, Mr Li Peng, the conference will address ways and means to continue "curing and restructuring the economy" in the new year.

Analysts say, however, that the bulging deficit will make it difficult for Mr Li to stick with his tight money and austerity policy.

The main reason for the shortfall in state revenue is a lower level of tax and contributions by state-owned industrial enterprises.

Analysts estimate that in 1989, because of a drastic downturn in the sales of industrial and consumer products, business units concerned earned 66 billion yuan less than originally forecast.

The sales drop was due to falling levels of wages and bonuses as well as the overall depressed state of the economy.

However, profits of state-owned companies were also hurt because of gross inefficiency, which is partly caused by the low morale of managers and workers.

According to the China-watching news weekly, *ECONOMIC REPORTER*, inefficiency has also hit the building and construction sector.

New projects and factories have taken much longer than before to build and put into operation. As a result, the state sector suffered a loss of nearly two billion yuan.

Other major reasons for the growing deficit include excessive subsidies by the Government and the Government's meagre share of total revenue.

Economists estimate that last year, Beijing paid out more than 96 billion yuan in price subsidy and subventions to loss-making state enterprises.

At the same time, the Government's revenue was a mere 20 per cent of total national income. And of the total state earnings, Beijing's share was only 47 per cent.

According to Chinese sources, to ensure an adequate level of income, Beijing is adopting a so-called "double guarantee" system for 234 major state enterprises.

In 1990, these large-scale government concerns promise to surrender to Beijing an agreed-upon level of tax and other contributions as well as products.

In return, the Government guarantees them a steady supply of raw materials, energy and transportation services.

In spite of the increasing problem of inefficiency in the public sector, analysts do not expect the conservative leadership to reverse its policy of squeezing the private sector, which is generally regarded as more efficient.

This is evident from the agenda for the SCRES meeting, which is scheduled to end on January 8.

Controversial questions, such as rendering state-owned enterprises into stock companies, will not be touched.

Until the reform programmes of the former party leader, Mr Zhao Ziyang, got into deep trouble in late 1988, SCRES, which Mr Zhao once headed, was a main body for formulating reform programmes, including the beefing up of the private sector.

XINHUA Rounds Up Economic Progress, Problems

OW3112083889 Beijing XINHUA in English
0823 GMT 31 Dec 89

["Roundup: China's Economy Grows Amidst Snags"—XINHUA headline]

[Text] Beijing, December 31 (XINHUA correspondent Chen Ming)—With economic retrenchment as its main melody, 1989 ends with an economic picture of joy and worry in China.

Spiralling inflation was brought under control and the national economy grew steadily. But, the market is sluggish, industrial production dropped drastically and unemployment became a new problem.

Growth rates for GNP and national income have fallen rapidly from last year's double-digit figures.

Industrial growth, which was overheated for five years, has been readjusted to a more reasonable seven percent this year.

"That is the inevitable outcome of the economic readjustment and retrenchment program," government officials noted. "That does not mean a decline in the economy."

Although the growth of industrial production fell about 14 percent this year, the industrial structure of different sectors improved with the processing industry being curbed while energy and raw materials production grew steadily.

China's foreign trade is expected to top 100 billion U.S. dollars this year with a big rise in exports and a cut in imports. Exports and imports totalled 98 billion U.S. dollars in the first 11 months, up 12 percent over the same period last year.

A bumper harvest was reported in the country this year due to an increase in planting, government investment and loans. Figures from the State Statistical Bureau show grain output of 407.45 billion kg, equivalent to the record harvest in 1984.

Analysts say that the growth in agricultural production has laid a solid foundation for the development of the whole economy and has had a very positive effect on controlling price hikes and keeping the market stable.

Since China adopted a series of measures to control demand, rectify the economic order and deepen reform, many fields have achieved preliminary gains in 1989.

Some overheated areas of economic development cooled. Total supply increased and the rapid growth in demand was brought under control. Economic stagflation, panic buying and uncontrolled currency depreciation were avoided.

Inflation, a major challenge to this year's economy, has been brought under control. It is estimated that inflation will be about 18 percent for the year, a little bit less than last year.

Figures from the State Statistical Bureau show the price hikes slowed from 27 percent in January to 7.1 percent in November on a year-to-year level.

The contradiction between supply and demand has been alleviated by curbing capital construction and the issuance of banknotes.

However, Premier Li Peng said, "We should not underestimate or overestimate the achievement made in the austerity program because the basic factors causing inflation have not been rooted out. The contradiction between supply and demand still exists."

Government officials admitted that new problems have been sprung up in the course of the economic rectification, such as a sluggish market, industrial decline and unemployment.

Analysts said that these problems not only hinder economic development but also make the austerity program and economic retrenchment more complicated and difficult.

Further Comments on 1989 Record Grain Harvest

OW2912005689 Beijing XINHUA Domestic Service
in Chinese 1229 GMT 27 Dec 89

[Text] Beijing, 27 Dec (XINHUA)—According to the latest information released by the State Statistics Bureau, China's grain output hit an all-time high in 1989.

According to a preliminary estimate based on sample surveys conducted by the State Statistics Bureau of 28 provinces, autonomous regions, and municipalities, as well as on overall estimates made by Hainan Province and the Tibet Autonomous Region, this year's total grain output amounts to 814.9 billion jin, equivalent to the 1984 record harvest.

This year's grain production has four remarkable features:

- Grain output increased in the spring, summer, and autumn seasons. In 1989, China's summer grain output was 93.76 million metric tons, up 2.77 million metric tons from last year; after drops in output for many consecutive years, this year's early rice output began to pick up and amounted to 47.96 million metric tons, up 0.95 million metric tons, or 2 percent from last year; and autumn grain output was 265.73 million metric tons, up 9.65 million metric tons, or 3.8 percent from last year.

- Both the area of grain crops and per-mu yield increased. In 1989, 52 percent of the increase in grain output was attributed to an increase in the area of grain crops, and 48 percent of the increase in grain output was attributed to an increase in per-mu yield.

- Grain output increased in most parts of China, while it decreased in some parts of the country. Grain output increased in 24 provinces, autonomous regions, and municipalities. In 14 of those places, including Beijing, Tianjin, Hebei, Shanxi, Fujian, Jiangxi, Henan, Hubei, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, and Sichuan, the grain output either topped or equalled the local record harvest. Grain output dropped in six provinces, autonomous regions, and municipalities. Of those places, the autumn grain harvest in Liaoning and Jilin Provinces decreased by a combined total of 7.05 million metric tons due to exceptionally bad droughts.

- The output of wheat and rice registered a big increase. According to a preliminary estimate, China's wheat and rice output amounts to an all-time high 270 million metric tons, up 18 million metric tons from last year's total.

Economic Indicators Published for November

OW3012053889 Beijing XINHUA Domestic Service
in Chinese 1115 GMT 26 Dec 89

By reporter Wu Shishen 0702 1102 3234

[Text] Beijing, 26 Dec (XINHUA)—Six major economic indicators for November published here today reveal several characteristics of our country's current economic development. These are the declining rate of investments in fixed assets, the continuing slowdown in the rate of wage increases for staff members and workers, the growing number of loans, which now exceed the number recorded in the corresponding period last year for the first time, and the continuing slow growth in labor productivity.

It is reported that investments by state-owned enterprises in fixed assets have declined each month. In this respect the amount of such investments for November was 13.9 percent less than the corresponding period last year, scoring the largest drop this year. The total amount of wages for staff members and workers for November showed a 13.9 percent rise compared with last year's corresponding period, reaching the highest [as received] growth rate this year. The drop in the amount of investments and consumption funds indicates that demand in society has been further curtailed.

A new factor is that the growth in bank loans exceeded the number registered in the corresponding period last year. As of the end of November, the banks had a balance of 1,182.4 billion yuan in their loan accounts, surpassing by 25.5 billion yuan the amount of loans in their accounts in the same period last year. This indicates that the state paid attention to properly controlling the degree of retrenchment and loosened the money supply to some extent. Business circles believe that this will promote production in those industries critically short of funds and thus will help develop the national economy. However, they added, it is imperative to make proper and active use of the loans and to guard against

the appearance of a new problem; namely, funds are tied up, resulting in the loss of revolving funds for industries.

The slow growth in labor productivity shows that the problem of poor economic results in the industrial field has not yet been basically corrected. The overall labor productivity of state-owned enterprises with independent accounting systems grew by only 1.5 percent from January to November as compared to the corresponding period last year. Additionally, the November growth rate was less than that registered the previous 10 months. In general, the output of comparable industrial products climbed an average of 20 percent. On the other hand, there was a continued drop in the rate of profits or tax payments handed over to the state on the sales of industrial products. For every 100 yuan of industrial products sold, the state received only 17.63 yuan as profits or tax receipts. A major task with regard to industrial production next year will be how to raise economic benefits.

1989 Coal Output Reaches 1 Billion Tons

OW2712135489 Beijing XINHUA in English
1313 GMT 27 Dec 89

[Text] Beijing, December 27 (XINHUA)—China's coal output hit one billion tons this year for the first time, making China one of the largest coal producers in the world.

Li Jianren, a senior engineer with the coal department under the Ministry of Energy Resources, attributed the leap in coal output this year to the promotion of coal mechanization and the increasing demand.

Since the beginning of this year, China has newly opened 32 coal faces, each of which can produce one million tons of coal annually.

"Each coal face is outfitted with advanced coal mining equipment," Li said. "Mechanization has not only increased the output at each coal face but also enhanced the modernization of the coal mine."

The China National Coal Corporation approved the development of 18 modern coal mines this year.

Moreover, Li said, the current contract system stimulated coal miners' enthusiasm to produce more.

Though China has been trying to readjust the structure of energy in recent years, coal still occupies 75 percent of the energy structure and is in great demand in all parts of the country.

According to the contract system, each coal mine can sell excess coal at a price of 50 percent higher than the planned price.

Since 1985, when the corporation began carrying out the contract system, China's coal output has increased by more than 47 million tons each year. This year, the

serious shortage of coal has been greatly eased in the country thanks to the co-operation of the transportation departments.

China has built 17 super-large-scale coal enterprises with a capacity of more than 10 million tons each. There are 600 coal mines in the country.

According to the Ministry of Energy Resources, the annual output of coal will reach 1.4 billion tons at the end of this century.

Economic Plans Still Include Foreign Experts

HK2812064189 Beijing ZHONGGUO XINWEN SHE
in Chinese 0719 GMT 20 Dec 89

[Text] Beijing, 20 Dec (ZHONGGUO XINWEN SHE)—China's plan to exchange competent people with foreign countries remains unchanged. Liu Zhongde, deputy secretary general of the State Council, recently disclosed that China will continue to invite foreign experts to give lectures or to work in China.

Over the past 10 years, China has invited over 30,000 foreign experts and teachers to give lectures or to work in China. They have helped China train several hundred thousand undergraduates and postgraduates, offered as many as 1,000 new courses, transformed or set up several hundred laboratories, compiled many kinds of teaching materials and dictionaries. They have also presented large quantities of instruments and equipment, written or revised a large number of articles about China, and promoted the development of China's scientific, technological, cultural, and educational undertakings.

The work carried out and lectures given by foreign experts involve industry, agriculture, diplomacy, foreign trade, press, publication, and so on. At the recent national foreign experts employment planning conference, a near-term plan for the employment of foreign experts was worked out.

Liu Zhongde held that since China's policy of reform and opening up remains unchanged, the work of introducing overseas intellect and foreign experts, which is an important aspect of reform and opening up, naturally remains unchanged, too. China will continue to invite experts who are urgently needed in China, have real ability and training, and are friendly to China to work in China.

Statistics Bureau Says Price Hikes Slow Down

OW2712135289 Beijing XINHUA in English
1328 GMT 27 Dec 89

[Text] Beijing, December 27 (XINHUA)—Price hikes slowed from 27 percent in January to 7.1 percent in November on a year-to-year level, according to the State Statistics Bureau here today.

An official from the bureau said that the 20 percent decline in 11 months means China's anti-inflation measures have yielded results.

However, the general price index still climbed 19 percent in the first 11 months as compared the same period of last year, the official noted.

But he predicted a further price decrease this month.

According to the bureau, prices rose 19 percent in 35 large and medium-sized cities in the past 11 months, lower than the growth rate of 22.1 percent in last year's same period.

Some prices dropped in November, including fruit, down by 11.4 percent, and vegetables, down by six percent.

However, prices for food, meat, daily necessities, books, newspapers, building materials and fuels went up in November.

State Statistical Bureau on Workers' Wages

OW2712103989 Beijing XINHUA in English
0741 GMT 26 Dec 89

[Text] Beijing, December 26 (XINHUA)—China's total wage bill for workers all over the country grew 16.3 percent in the past 11 months to 221 billion yuan, according to the State Statistical Bureau here today.

Twenty provinces, municipalities and autonomous regions reported wage increases above the average level.

The growth rate exceeded 20 percent in coastal Guangdong and Fujian provinces, while Jiangxi had only a 10.9 percent increase in the past 11 months.

Statistical Bureau Reports Bank Loan Increases

OW2712121589 Beijing XINHUA in English
0738 GMT 26 Dec 89

[Text] Beijing, December 26 (XINHUA)—China's loans to enterprises hit 1182.4 billion yuan at the end of last month, 10 percent more than the figure for early this year, according to the State Statistical Bureau here today.

Bank officials said that was the first occasion this year that bank loans granted exceeded the figure at the corresponding time last year.

According to a bureau release, investment loans in fixed assets by state-owned enterprises totalled 169.4 billion yuan, eight percent more than the amount early this year.

Analysts said the main reason for loan growth is that Chinese banks have granted 100 billion yuan in loans to large and medium-sized enterprises.

However, the past 11 months still saw investment in fixed assets by state-owned enterprises decline by 10.8 percent to 152.8 billion yuan as compared with the same 1988 period.

A bureau official said that 25 of 30 provinces, municipalities and autonomous regions have reported investment decreases, some of 20 percent.

Gold Plan Achieves Target Ahead of Schedule

OW2712143389 Beijing XINHUA in English
1326 GMT 27 Dec 89

[Text] Beijing, December 27 (XINHUA)—China's gold output has fulfilled this year's state plan ahead of time and is expecting to see a 10 percent increase over last year, the State Gold Administration announced here today.

The output will be 1.5 times more than that in 1980.

China's gold output has kept increasing at an annual growth rate of 10 percent in the past decade.

Officials with the administration said that in the past five years the state has invested heavily in the gold industry.

Hundreds of new production projects have been built and put into operation.

Furthermore, the central government has adopted preferential measures to promote gold production, including partial exemption from certain taxes.

Despite the ongoing austerity program, the state still invested 200 million yuan in the industry in 1989.

Officials disclosed that the same amount of investment will also be made in the industry next year.

At present there are over 200 state-owned gold mines and plants across the country.

Production Materials Market in Slump

HK2812112189 Beijing CEI Database in English
0900 GMT 28 Dec 89

[Text] Beijing (CEI)—China's market of means of production has landed in an interim slump, according to a recent survey conducted by the Industrial and Commercial Bank of China.

According to the survey, three major causes of the slump are:

- The state's price-ceiling and monopoly policies on sales of means of production outside the state plan, though conducive to stopping profiteering and price hiking, failed to check the free market price hikes and consequently turned off a number of manufacturing buyers because of the rising costs of the finished goods;

- As the state's price-ceiling is confined to finished materials rather than primary goods like minerals, energy and part of auxiliary goods, the production cost, especially that of small and medium-sized manufacturers, has climbed up sharply. More production often generated heavier loss; and

—Many materials suppliers stored up materials to wait for price rises.

Industrial Economic Efficiency Less Than Expected

*HK2812020689 Beijing CHINA DAILY in English
27 Dec 89 p 2*

[By our staff reporter Wang Xiangwei]

[Text] China's industrial economic efficiency was lower than expected in the first 11 months of this year, while the growth of the social demand continued to be tamed, according to a report released yesterday by the State Statistical Bureau.

The good news of the bureau's six major economic targets during this period was that both capital investment and the growth rate of wages were still riding on a downward trend during the current austerity programme.

The bad news was that although the government relaxed its monetary supplies, industrial economic efficiency was not good.

The bureau report listed three major reasons for the declining economic efficiency; the further depressed growth rate of labour productivity, a major rise in production costs (adjusted for inflation), and the falling ratio of profits and taxes from industrial sales.

According to the bureau report, fixed assets investment by State-owned enterprises in the first 11 months was posted at 152.8 billion yuan (\$32.5 billion), a 10.8 percent drop over the same period last year.

Capital investment fell by 13.9 percent in November, registering a record fall for the year.

Investment in 25 of the 30 provinces, autonomous regions and municipalities slid further, with 14 of the 25 areas dropping below the national average.

By the end of November, bank loans totalled 1.18 trillion yuan (\$251.6 billion), a rise of 127.3 billion yuan (\$27 billion) over the beginning of this year and 25.5 billion yuan (\$5.4 billion) more than the same period last year.

Economists noted that bank loans rose in 1989 over 1988.

They said the government began loosening monetary control to prevent industrial production from sliding.

The industrial production declined by 2.1 percent in October over the same period last year. The growth rate in September and November was 0.9 percent each.

The bureau reported that in the first 11 months the total wage volume stood at 221 billion yuan (\$47 billion), up 16.3 percent, with November posting the lowest rise in wage expenditure, which reported a 13.9 percent drop in the month from last year.

That means the rise in wage expenditure continued to roll down, which would be beneficial to the government's efforts to combat inflation and curb the growth of social demand.

However, the industrial economic efficiency was "getting worse," according to the report from the bureau.

From January to November, the productivity in the State-owned enterprises was 17,132 yuan (\$3,645) per person, up only 1.5 percent.

The rise in productivity in the first 11 months dropped by 0.6 percentage points, compared with the growth rate in the first 10 months.

Meanwhile, production costs, adjusted for inflation, registered a major rise in the first 11 months this year.

Automotive Industry Overfulfills Export Targets

*OW2712104189 Beijing XINHUA in English
0755 GMT 26 Dec 89*

[Text] Beijing, December 26 (XINHUA)—The China National Automotive Industry Import and Export Corporation overfulfilled its export target of 100 million U.S. dollars 10 days ahead of schedule.

Zhang Cundao, the general manager, said the corporation has earned 101 million U.S. dollars in foreign currency. This is 15 million more than the figure for last year.

Its main export items included buses, trucks, mini-buses, light-duty trucks and spare parts, which were sold to North America, the Middle East, Africa and Southeast Asia.

The biggest specialized foreign trade company of China's automotive industry, the corporation has set up branch companies in Beijing, Shanghai, Nanjing and Hong Kong, and an agency in Detroit, United States. It has also enlisted agents in the United States, Thailand, Pakistan and Hong Kong.

Zhang said the corporation will adjust its export structure and shift its exports from labor-intensive products to technology-intensive products and extend its world market.

Forum on Tax Collection From Private Sector Held

*OW2712050289 Beijing XINHUA Domestic Service
in Chinese 1554 GMT 21 Dec 89*

[By reporter Shi Yongfeng (2457 0516 1496)]

[Text] Wuhan, 21 Dec (XINHUA)—Lu Renfa, deputy director of the State Administration of Taxation, announced here today at a national forum on collection of taxes from the private sector in some cities that the administration has achieved a major breakthrough in rectifying tax collection from the private sector of the economy throughout the country. By the end of

November, a total of 11.7 billion yuan had been collected from private businesses, up 53 percent from the same period last year. Anticipating a total revenue of about 12.5 billion yuan this year, the deputy director was confident that the target of 30 percent annual increase could be reached.

Since the convocation of the 3d Plenary Session of the 11th CPC Central Committee, the private sector of the economy has developed rapidly and played an active role in prospering the Chinese economy. However, tax evasion has been rather serious among private businesses, involving about 80 percent of the private sector. The drain on state revenue and aggravation of the unfair distribution of income in society arising from tax evasion has aroused universal concern and resentment among the public. Following a State Council decision to launch a nationwide rectification of tax collection last July, governments and tax offices in various localities throughout the country began to concentrate efforts on rectifying tax collection from the private sector in August. According to statistics, the average monthly tax collection from the private sector between August and November amounted to 1.4 billion yuan, more than double the average monthly collection in the first 7 months of this year. On the basis of self-examination, all localities devoted a certain time to investigating and punishing tax evasion by a number of private businessmen and entrepreneurs. By the end of November, a total of 2.06 billion yuan taxes evaded by private businessmen and entrepreneurs was uncovered and paid. Henan, Hubei, Jiangsu, Shandong, Fujian, Sichuan, and Hunan each reported tax evasion of more than 100 million yuan uncovered.

In the course of rectifying tax collection, various localities investigated and punished a number of major cases of tax evasion. Statistics from Shandong, Sichuan, Hubei, and Jiangsu provinces show that, by the end of October, 5,313 private businessmen were found to have each evaded paying more than 10,000 yuan, including some 140 businessmen having each evaded paying more than 100,000 yuan. A private businessman in Guangdong Province was found to have evaded taxes of as much as 1.2 million yuan. According to incomplete statistics from 11 provinces and municipalities, 910 cases of tax evasion by private businessmen have been turned over to the judicial organ for prosecution and a number of tax evaders will be punished by law.

Lu Renfa said: Although a major breakthrough has been achieved in the recent tax collection from the private sector, tax collection and management remains lax in some localities and tax evasion is still widespread among private businesses. In the next-stage rectification of tax collection, tax offices in various localities should seriously draw a line of demarcation in applying the policy, protecting the legitimate income of private businesses, while readjusting excessively high incomes, confiscating illegal income, and resolutely punishing violators. At the same time, in conjunction with the comprehensive rectification of the private sector of the economy, it is

necessary to draw up a scientific system and standard measures for collecting and managing taxes paid by private businessmen.

Official Notes More Autumn, Winter Crops Sown

OW2712143189 *Beijing Domestic Service in Mandarin*
1030 GMT 22 Dec 89

[By reporter (Chen Yongqing); from the "National Hookup" program]

[Excerpt] China's autumn and winter sowing has progressed with great momentum. Seedlings are emerging sturdily in most areas thanks to the increased investments made. This augurs well for next summer's harvest of grain and oil-bearing crops.

In an interview with reporters today, Chen Yaobang, vice minister of agriculture, said: We encountered both drought and rainy days during this year's autumn and winter sowing. In addition, some autumn-ripening crops did not ripen on schedule. Despite these adverse factors, however, some increase was still registered with regard to the total area of crops sown, thanks to the stepped up fight against drought in north China and the efforts made to sow seeds in the field while there was sufficient moisture in the soil. Elementary work, such as the use of fertilizer and seeds, is equal to, if not better than, last year. Winter farming in south China was planned and started well ahead of schedule. As a result, autumn and winter sowing was completed quite satisfactorily. According to statistics, China's total area of autumn and winter crops has reached 650 million mu, an increase of 25 million mu over last year. The area of grain crops has increased by more than 10 million mu. There also was some increase in the area of winter wheat, which has seen continued expansion in the last 2 years. [passage omitted]

Progress in Foreign Environmental Cooperation

OW1912182089 *Beijing XINHUA in English*
1540 GMT 19 Dec 89

[Text] Beijing, December 19 (XINHUA)—China has made much progress in foreign cooperation in environmental protection in recent years, according to "INTERNATIONAL BUSINESS."

The Beijing-based newspaper reported that China has established cooperative relations in environmental protection with over 20 countries and regions and 12 international organizations including the environmental program of the United Nations.

About 7.2 million U.S. dollars in foreign funds have been used in 10 environmental protection projects.

The newspaper noted that the cooperation has not only paved the way for foreign partners to join in China's pollution control but also provided badly needed funds for environmental protection.

The cooperation has provided considerable financial returns as well as environmental benefits. The newspaper said, a new sewage-treatment method developed by Sino-U.S. cooperation has not only improved the quality of treated water but also lowered the cost.

Commentator Urges Supporting Factory Managers

*HK2712015189 Beijing JINGJI RIBAO in Chinese
5 Dec 89 p 1*

[Commentator's article: "Saying a Few Words on Behalf of Factory Directors and Managers"]

[Text] Perhaps because of uncertainty in the market and increasing internal or external pressure sensed by enterprises, the Editorial Department has received more and more manuscripts reflecting the difficult position of factory directors and the hardship for entrepreneurs from the grass-roots units. When reporters return from interviews and talk about the grass-roots situation, they are all sympathetic to the enterprises' factory directors (managers), because of their current condition and difficulties. It can be said that at present the enterprises' factory directors (managers) are under great pressure and faced with grim tests, and that they badly need the understanding, care and support of society. The Central Committee, the State Council, and party and government leaders in many places clearly understand their situation, and have adopted various positive measures. However, because factory directors (managers) are in a different position some problems may not be completely understood by society. Therefore, we would like to say a few words on behalf of factory directors (managers), from their point of view and in terms of their worries and anxieties.

First, please create for the factory directors (managers) a relatively stable environment for production and operation.

The grim situation generally faced by enterprises resulted from a recession in the market, overstocking of products, a shortage of capital, and a tight supply of raw materials. Facing this unfavorable condition for production and business, most factory directors (managers) are mentally prepared. They are actively seeking ways to cope with changes, and trying their best to lead their enterprises to overcome this difficulty. They are frustrated most by their inability to grasp the favorable environment outside the enterprises and by the instability of that environment. Recently, because of various gossip and allegations, some factory directors (managers) have doubts whether the "two systems"—factory director responsibility system and contracting responsibility system—which are the most important items in enterprise reform, can be carried on. What is worrying them is that when there are changes in the first system, the already improved relations within the enterprises will result in new chaos and repercussions, and that when the second system is left undecided, the distribution relations between the enterprises and the state, fixed by contract, will be shaken down to its roots. When the two

systems are not stable, the "soldiers' morale" cannot be stable, and this is not exaggeration. Up to now, even though the central authorities have explicitly stated that the "two systems" will not change, some factory directors (managers) still have worries and questions. They hope that the departments concerned further unify understanding on the issue of the "two systems," and specify the boundary of the policy concerned, so as to enable the factory directors (managers)—the legal persons—to direct production and business in a legitimate and righteous manner as in the past, and to concentrate strength and do their best to improve economic returns for enterprises.

Second, please give an overall and correct assessment for this team of entrepreneurs of ours.

During the period of the 10-year reform, alongside the separation of enterprises from the shackles of old system, and the transformation of these enterprises into comparatively independent commodity producers, a team of entrepreneurs formed by hundreds of thousands of factory directors (managers) has also developed rapidly.

We need a scientific attitude for assessing this team. There has been a certain period in the past, where an image has been formed owing to the one-sidedness of propaganda, and it seemed that all the factory directors (managers) were perfect persons with incredible capacity; even the demand for "self-perfection" for entrepreneurs seemed "leftist." Then, in the period of reflection on the achievements and mistakes during the 10-year reform, there appeared another phenomenon, and it seemed that the reform in system of enterprise leadership had been overdone, that all factory directors (managers) had abused power, violated law, neglected ideological and political work, and had not respected the democratic rights of the workers, therefore, no one dared to say the words assuring their achievements. These two phenomena reflect the one-sidedness of methodology of thinking. To take a fair point of view, among the factory directors (managers), there are indeed those who abuse power and violate the law, and these are not one or two isolated cases, as we can see from the astonishing cases reported in recent newspapers. However, just as we cannot conclude that the quality of the working class is not high because someone from the team of workers goes to jail, so we cannot negate the whole team of entrepreneurs because individual scum appear among factory directors (managers). Let us calm down and think: Among the hundreds of thousands of enterprises' factory directors (managers) in the whole country, what is the ratio of the black sheep to the diligent enterprise leaders? Who are the essentials? Who are the non-essentials? The correct answer is not difficult to get. Judged from the overall angle, this team of factory directors (managers) of ours is trained in the numerous storms of enterprise reform, and is selected from the keen competition existing in the market. Most of them have passed the serious assessments of the departments concerned, and have formal appointments; they are the elite forces among the team of workers, and are the party's and

country's valuable treasure. Regarding the problem of enterprises not grasping ideological and political work, and of not respecting the democratic right of the workers, the problem will surely be solved alongside the change of the "macroclimate," alongside the clarification of guiding thought, alongside the perfection of factory director responsibility system, and alongside the strengthening of the roles played by party committees within enterprises and by meetings of worker representatives. We should have faith in this point.

Third, please understand and make allowances for the plight and difficulties faced by factory directors (managers) in market competition.

"It is difficult to be a factory director." When one visits the enterprises and talks to their factory directors (managers), 9 out of 10 of them will have the above complaint. Indeed, an enterprise is a small society; when we talk about production, and that is, procurement of raw materials, sales of products, quality control, and technological advancement, or when we talk about daily life, and that is, food, drink, toilets, tickets, houses, retirement for the elderly, arrangements for the young, which item does not cause worries for the factory director (manager)? The market is the battlefield, and the competition resembles war; when one mistake is made, the whole battle is lost. The factory directors (managers) work for 8 to 12 hours in their enterprises, and when they return home at night, they are tired, but are still thinking about the problems of their factories. What if their families do not understand, and say "why are you so tired?" They will have all sorts of feelings, but say not a word in reply. In particular, at present, when there are initial achievements in rectification and improvement, there are also rapid changes in the market, as well as overstocking of products, and this means increased burden of the enterprises, which already have a shortage of funds. Many factory directors (managers) could not sleep well nor eat well because of this, and they resemble ants on a hot pot. Let us imagine an enterprise, which has several hundred or even a thousand people at least, or several thousand or even ten

thousand people at most. What are we going to do with the wages? How are we going to issue bonuses? What sorts of arrangement do we have for the lives of the masses? How can we stabilize the workers' emotions? As the "head of the family" of the enterprise, would that not be a heavy burden? When we urge understanding and consideration for the plight and difficulties faced by the factory directors (managers), we mean that we hope that the superior departments will care for and support the factory directors (managers), encourage them, worry about what they worry about at the critical time, and extend help in dangerous moments. We also hope that our enterprise party committee secretaries and trade union leaders will often unite with the factory directors (managers), closely coordinate with them, come to their assistance when there are obstacles, and take initiative in making up any shortfall. We also hope that our great masses of workers conscientiously do their jobs well, and sturdily win high production output or maintain stable output. And the families of the factory directors (managers), we all the more hope that you will care for their daily lives, fully support their work, lodge fewer complaints, and give more consideration. Our factory directors (managers) are serving the country and trying their best to make more contributions. They will occupy half of the "charter of merits," and you will occupy the other half.

Here, we would say a few words to the great masses of enterprise factory directors (managers) in the entire country: To invigorate our country, the economy must first be invigorated, and to invigorate the economy, the enterprises must first be invigorated. Our nation has come to the critical moment of marching toward the 21st century, trying to realize the second strategic goal of development. In the past, you have marched alongside the 10-year reform, with firm and steady paces. Now, during rectification and improvement, you are braving the rain and storm on the front. The Republic is like a boat going upstream. Factory directors (managers), take the rope for towing, and forge ahead. The party is looking at you, the people are looking at you, and the Republic is looking at you!

East Region

Anhui Military District Party Committee Meets

*OW2612102389 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 12 Dec 89*

[Text] The 7th party committee of the Anhui Provincial Military District held its 14th enlarged meeting from 4 to 9 December to disseminate and implement the guidelines of the central work conference, the 5th Plenary Session of the 13th CPC Central Committee, and the enlarged meeting of the Central Military Commission, sum up its work this year, and make arrangements for next year's tasks.

The meeting called on various units under the provincial Military District and People's Armed Forces departments throughout the province to consider the implementation of the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and the enlarged meeting of the Central Military Commission as the central task in building People's Liberation Army [PLA] units and reserve forces at present and in the future. The meeting also called on them to effectively and firmly grasp this task, strive to strengthen political building, maintain a high degree of stability among various units, and make contributions in promoting the smooth implementation of the tasks of improving the economic environment, rectifying the economic order, and deepening the reform.

Shi Lei, political commissar of the provincial Military District, and Li Yuanxi, deputy secretary of the party committee of the provincial Military District, made arrangements at the meeting to implement the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and the enlarged meeting of the Central Military Commission, and to successfully grasp the building of various PLA units and reserve forces.

Lu Rongjing, secretary of the Anhui Provincial Party Committee and first secretary of the party committee of the provincial Military District, attended and delivered an important speech at the meeting. He said: Various units under the provincial Military District, the People's Armed Forces departments, and the broad masses of militiamen and reserve forces in the whole province always are accountable and an important force in political and economic building in this province. They have played an extremely important role and have made great contributions in guaranteeing political stability and unity, in rescue work and aiding people in disaster areas, in supporting economic construction, and in promoting the building of socialist spiritual civilization. They demonstrated a particularly high degree of political consciousness and thus won new merits in the political struggle during late spring and early summer this year.

Lu Rongjing asked various units of the provincial Military District and People's Armed Forces departments throughout the province to give full play to the role of the propaganda teams in carrying out their political work,

vigorously publicize the guidelines of the 5th Plenary Session of the 13th CPC Central Committee among the masses of people, disseminate the policy decisions of the party Central Committee to the broad masses of people in a timely manner, give full play to their role as the shock brigades in production and construction work, and make contributions in overcoming temporary difficulties and developing the economy in Anhui. He also asked them to give full play to their role as the fighting teams in safeguarding security in the society and to make contributions in consolidating and developing the political situation of stability and unity.

Comrade Lu Rongjing also assigned tasks to party committee and governments at various levels and enterprises in the whole province on how to further grasp well the work of building militia and reserve forces. He said: Leading comrades of party committees and governments at all levels should grasp conscientiously the work of the People's Armed Forces regardless of their assigned jobs. This is an earnest demand by the provincial party committee and the provincial people's government on leading cadres of party committees and governments at various levels. At present, we first must grasp well the education on national defense for the whole people. Party committees and governments at various levels must attach great importance to this work. We must set up promptly a provincial level leading organization for promoting education on national defense and complete legislative work on conducting national defense education. The propaganda and news departments in the province should strengthen propaganda on national defense education. Second, we should adopt effective and concrete steps to show concern for and support the building of PLA units and help officers and soldiers solve their dependents' problems. Third, we should grasp well the building of People's Armed Forces and militia and reserve service work. Various prefectures, cities, and counties should consider militia and reserve service work as an important factor in arranging their tasks next year and work out an overall plan to ensure that the work is implemented. Principal leading cadres of party and government organizations who assume concurrent posts as chairmen of People's Armed Forces departments should enhance their understanding of the armed forces and lead and support the People's Armed Forces departments in implementing various tasks.

Jiangsu Congress Ends Standing Committee Session

*OW2912000989 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 15 Dec 89*

[Text] The 12th session of the Standing Committee of the 7th provincial People's Congress ended today in Nanjing.

The session decided that the Seventh Jiangsu Provincial People's Congress will hold its third session on 22 February 1990. The session adopted the Jiangsu Provincial Regulations on Statistics Management and approved Wuxi City's regulations on the protection of traditional handicrafts.

After hearing and examining the provincial government's draft and explanation of the revision of the Jiangsu Provincial Regulations Concerning Management of the Publication and Distribution of Books, Other Printed Matters, Audio and Video Tapes, the participants at the session expressed their belief that conditions are not ripe at the current session to approve the draft revision. To help the departments concerned of the government carry out their work with better results, the session will first adopt a decision on dividing work with regard to managing the publication and distribution of audio and videotapes and authorize the provincial government to implement it. It is for this purpose that the session adopted a decision on dividing work with regard to the Jiangsu Provincial Regulations Concerning Management of the Publication and Distribution of Books, Other Printed Matters, Audio and Video Tapes.

The participants also heard and studied the report of the provincial People's Congress delegation on its visit to the assembly of Aichi Prefecture, Japan.

Vice Chairman Li Zhizhong presided over this morning's plenary meeting. Chairman Han Peixin and Vice Chairmen Xing Bai, Li Qingui, and Zhang Yaohua attended the session. Present as nonvoting delegates were Li Peiyu, president of the provincial higher people's court; Qin Jie, chief procurator of the provincial people's procuratorate; and responsible persons from departments concerned of the provincial government.

Jiangsu Advisory Commission Elects Official

OW2912085689 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 26 Dec 89

[Text] The Provincial Advisory Commission, elected by the Eighth Jiangsu Provincial CPC Party Congress, held its first plenary session for the purpose of electing its vice chairman the morning of 26 December. Entrusted by the presidium of the Eighth Jiangsu Provincial CPC Party Congress, Comrade Zhou Ze presided over the meeting. All 12 commission members attended the meeting. Comrade Zhou Ze was unanimously elected vice chairman of the Provincial Advisory Commission by secret ballot in accordance with the agenda approved by the meeting.

Shandong Reports Progress Against Six Vices

SK2512075089 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 24 Dec 89

[Text] Since mid-November, public security organs at all levels throughout the province have coordinated with all circles to concentrate efforts on launching a special struggle to eliminate six social vices. As of 20 December, the whole province had captured more than 10,000 criminals involving six social vices, cracked more than 3,900 law-breaking and criminal cases involving six social vices, destroyed 796 criminal rings and 134 abductors' lairs, seized nearly 60,000 obscene books and periodicals, and saved more than 2,100 victims, including women and children.

The party committees and governments at all levels have paid great attention to this struggle to eliminate six social vices. All cities, prefectures, and autonomous prefectures have set up leading groups and have conducted propaganda and education among the broad masses through meetings and all types of propaganda means. Public security organs at all levels have also proceeded from reality, concentrated efforts on dealing blows to salient criminal cases involving the six social vices, closely combined elimination of six social vices with clearing up cases, and enabled the special struggle to eliminate six social vices to progress smoothly.

Central-South Region

Guangdong Town Cracks Pornography Ring

HK2612130489 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 25 Dec 89

[Text] On 22 December, Maoming City's Maonan District Public Security Sub-Bureau cracked down on a major criminal ring which showed and disseminated pornographic video tapes and ran stalls selling pornographic books and magazines. More than 30 people participated in this criminal ring, and among them were factory managers, restaurant bosses, party cadres, Communist Youth League cadres, and civilian police for enterprise and economic matters. Public security personnel seized and confiscated six pornographic video tapes and four pornographic books and magazines from the criminal ring. They also seized eight television sets for showing the pornographic video tapes, five cameras, and more than 19,000 yuan.

Guangdong SEZ Continues Share System Reform

OW2312113289 Beijing XINHUA in English
0122 GMT 23 Dec 89

[Text] Shenzhen, December 23 (XINHUA)—A state-owned transportation company in the Shekou Industrial Area in south China's Shenzhen Special Economic Zone [SEZ] issued shares worth five million yuan (about one million U.S. dollars) today.

The company's act shows that reform in the share system in state-owned enterprises continues in the zone, an economic expert said.

Introduction of the share system helps increase profits and attract foreign funds, said an official in charge of Shenzhen's economic restructuring.

Seventy-seven enterprises in Shenzhen have issued shares worth a total of 286 million yuan (57 million U.S. dollars).

A number of state-owned enterprises are preparing to make share offers. One of the planned share offerings is expected to be worth one billion yuan (200 million U.S. dollars), according to official sources.

Guangdong Develops Offshore Oil City*OW2212174689 Beijing XINHUA in English
1510 GMT 22 Dec 89*

[Text] Guangzhou, December 22 (XINHUA)—A modern oil city has begun rising on the beaches and coastal wasteland in the eastern part of Zhanjiang City in Guangdong Province.

Walking among the trees and flowers in the coastal park or along the avenues among the new buildings, a stranger can hardly imagine that there was not even a small village here ten years ago.

In fact, it is the base for the Nanhai (South China Sea) West Oil Corporation which is responsible for the exploration and development of offshore oil in a 140,000-square-kilometer water area of the South China Sea.

In the 4-square-kilometer base, the oil workers have built all the facilities that a modern city should have, including luxury hotels, office buildings, hospitals, schools, department stores, residential quarters, and a recreational center.

No wonder, some foreign oil experts, who have been living here while they cooperate with the Chinese corporation in exploring for offshore oil, have called Wang Yan "mayor" of the oil city rather than president of Nanhai West Oil Corporation.

The ambitious "mayor" told XINHUA, "There have been many cities like Houston in the United States which have developed into world famous cities from small villages because of offshore oil, why not our oil city."

Since 1979, the corporation has cooperated with 38 foreign oil companies from 12 countries, including the United States, Britain, France, Norway, and Japan. The corporation has signed six agreements for geophysical survey in 330,000-square-kilometer area in the South China Sea and found more than 400 structures for oil exploration.

Seven oilfields and two natural gas fields have been found, one of which, the Wei 10-3 oilfield, was put into operation in 1986 and has since produced a million tons of oil.

In ten years of cooperating with foreign countries, the Nanhai West Oil Corporation lost no chances to import sophisticated machinery and technology for oil exploration, offshore operation, and management.

After absorbing nearly 800 million U.S. dollars of foreign investment, the corporation has established fixed assets of 1.5 billion yuan and has 10,000 technicians and workers.

Rapid development has brought prosperity to the base which is inhabited by more than 40,000 workers and their families.

"We have every living facility here," Wang Yan said. "We use the electricity generated by our own power plant and drink the water processed by our own filtration plant, and we even produce the soybean milk and bean curd we eat every day for breakfast."

He said, "I have been to many offshore oil bases in the United States, Britain, Norway and Southeast countries. I believe our oil city is more prosperous than most of them."

The future of an oil city is bound with the development of oil. Zu Jiaqi, vice-chief geologist with Nanhai West Corporation, promised that their oil city would have a bright future as they have proven reserves of 180 million tons of oil and 110 billion cubic meters of gas deposits in this area.

Guangxi Tries First Foreign Investor Lawsuit*HK2912010989 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1101 GMT 21 Dec 89*

[Text] Nanning, 21 Dec (ZHONGGUO TONGXUN SHE)—A Chinese-foreign joint venture enterprise in Guangxi filed charges against the Nanning Customhouse in the Nanning Intermediate Court in line with the "Administrative Procedure Law of the People's Republic of China." From 13-15 December, the court heard the case, and the plaintiff lost the lawsuit. This was the first administrative lawsuit involving foreign businessmen that the court had heard since the "Administrative Procedure Law of the People's Republic of China" was promulgated.

The plaintiff was the Binrun Garment Factory, a Chinese-foreign joint venture. In November 1987, the factory, with approval of the Guangxi Foreign Economic Relations and Trade Commission, purchased in China a certain quantity of gray cotton-polyester [as received] cloth, which was supposed to be sent to Hong Kong for printing and dyeing before it was processed in the factory and reexported to Hong Kong. But the factory made a change in the description of the quantity and type of goods when filing a customs declaration, falsely describing the 680,000 yards of gray pure-cotton cloth as cotton-polyester cloth, and 710,000 yards of cloth as 688,800 yards. Nanning Customs detained the goods upon discovering the discrepancy. The customs officers, believing after close examination that the factory had broken the regulation against smuggling by submitting a false report, confiscated the goods and imposed a fine of 50,000 yuan, in accordance with Article 3, Clause 2 of the "Customs Law of the People's Republic of China."

Pleading not guilty, the factory brought a suit against the customhouse in the Nanning Intermediate Court in June. They argued that they only made a mistake in declaring the quantity and description of the cloth and that they had not made a false report or tried to evade customs' supervision on purpose; that they had not

broken the customs law or engaged in smuggling; and that the customs did not impose punishment on them according to law.

Based on the investigation conducted by the Nanning Intermediate Court Administrative Adjudication Division and a 2-day court debate, the court decided to end the action by the factory against the punishment imposed by customs for the reason that the factory failed to provide sufficient evidence and affirmed the original judgment.

The garment factory said the result of the first trial was unacceptable to them and they would lodge an appeal with the Guangxi Zhuang Autonomous Region Supreme Court within 15 days as required by the court.

Henan Discipline Inspection Committee Meets

HK2412041289 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 21 Dec 89

[Excerpts] The 9th plenary meeting of the provincial Discipline Inspection Committee, which lasted 2 days, ended in Zhengzhou yesterday [21 December] afternoon. Lin Yinghai, member of the Standing Committee of the provincial party committee and secretary of the provincial Discipline Inspection Committee, made an important speech at the meeting.

Prior to the meeting, the participants attended the 10th Enlarged Plenary Session of the 4th Provincial CPC Committee and conscientiously studied the documents of the 5th Plenary Session of the 13th CPC Central Committee. They discussed and unanimously endorsed the proposal of the provincial party committee on implementing the CPC Central Committee's decision on further improving the economic environment and rectifying the economic order and deepening reform. [passage omitted]

Lin Yanghai emphasized: It is necessary to further do a good job in the current work of investigating and dealing with cases of violating laws and discipline and pay more attention to the major cases. It is necessary to concentrate our strength on major and important cases. In wiping out the six vices, the cases involving party members who have violated laws and discipline should be handled in strict accordance with the relevant regulations and stipulations of the Central Commission for Discipline Inspection. He demanded the discipline inspection committees at all levels to cooperate with the organization departments in carrying out the work of checking up and examining cadres under the unified leadership of the party committees, to grasp well theoretical study for cadres, and to improve themselves.

North Region

Hebei's Xing Chongzhi Makes Inspection Tour

SK3012084689 Shijiazhuang HEBEI RIBAO
in Chinese 14 Dec 89 p 1

[Text] On 11 and 12 December, Xing Chongzhi, secretary of the provincial party committee, successively inspected Quyang and Wanxian Counties and visited some disaster-stricken people. At the dialogues with county party and government comrades, Xing Chongzhi pointed out that the enhancement of party building is a key guarantee, not only for stabilizing the political situation, but also for improving the economic environment, rectifying the economic order, deepening reforms, and achieving economic construction.

Xing Chongzhi visited Quyang County, "the home of artistic carving," on 11 December. He visited three carving plants, called on the workers who were engaged in production, and held talks with them. On 12 December, Xing Chongzhi went to Wanxian County, which was hit by floods last summer, and visited some disaster-stricken villages. In Wangge, Zicheng, Dawang, and Beichangfeng villages, Xing Chongzhi visited some simply equipped houses, newly constructed houses, and old folks' homes. He inquired in detail about the people's living and production conditions. He was satisfied after hearing that these villages have basically guaranteed the disaster-stricken people sufficient food, clothes, firewood, and shelters.

Xing Chongzhi said to the county responsible comrades that we should fully understand the importance and urgency of improving the economic environment and rectifying the economic order, eliminate the thinking of being overly anxious for quick results in the economic work, and avoid becoming lightheaded over the good situation. We should maintain an appropriate economic growth rate and ensure that there are no major economic ups and downs. According to the situation of improving the economic environment and rectifying the economic order, we should work out an economic development plan and fighting goals for the next 1 or 2 years. We should be inspired with revolutionary enthusiasm to carry out the improvement of the economic environment and the rectification of the economic order. We should rely on the spirit of arduous struggle to revitalize the economy. The more material difficulties we have, the more we should be inspired with enthusiasm. Faced with difficulties, we must not have complaints, feel discouraged, be overcautious, or accomplish nothing. On the contrary, we must be inspired with enthusiasm to eliminate negative feelings. To be inspired with revolutionary enthusiasm, first of all, the broad masses of party members and cadres should improve the work style and the style of leadership and carry forward the fine traditions of arduous struggle and closely keeping contacts with the masses. These are important components of party building.

While touching on the issue of how to strengthen party building, Xing Chongzhi said that first of all, we should attend to the ideological construction of leading bodies at various levels. Over the past few years, Wanxian County has made rapid progress. The key is that the leading body of the county party committee is full of vigor and vitality and is united as one. Facing the serious natural disasters, the county appropriately arranged the people's livelihood and helped the county restore production as soon as possible. All this embodied the superiority of the socialist system. Simultaneously, the broad masses of party members and cadres withstood the test. He pointed out that leading bodies at various levels should strengthen self-construction and unity; and leading cadres should foster a thinking of being honest in performing their official duties, closely keep contacts with the masses, and improve the work style and the style of leadership.

Xing Chongzhi stressed: Carrying forward the party's fine traditions of arduous struggle and closely keeping contacts with the masses is an important part of enhancing party building. He said: Our party was developed and established through many years of struggle. The revolutionaries of the older generation left many good traditions for us. Now, it is of particular importance to carry forward the traditions of arduous struggle and keeping close contacts with the masses. Cadres should go to the masses to understand their conditions, hold discussions with them, solicit their opinions and suggestions, and establish personal ties with them. This is also a good tradition of the party and should be continuously carried forward. By going deeply into the countryside, cadres will be able to improve their work style and transform their thinking.

After hearing the report given by Wang Chengqun, secretary of the Wanxian County party committee, on conducting the activities of democratically assessing party members, Xing Chongzhi said that we should conduct the activities to straighten out the style of organs. Commending the advanced, criticizing the backward, and handling unqualified party members is also a factor in strengthening party building. Communist Party members should firmly remember the goal of the party and always remember that they are Communist Party members. Unhealthy practices cropped up in the party during the preceding stage due to the negligence of party building and the lack of ideological and political work and the overflow of bourgeois liberalization. As a result, some party members forgot that they were Communist Party members, and some confused themselves with ordinary civilians. Restricted by criteria for party members and with obligations, party members should observe party criteria. Party members should be measured according to the requirements set forth in the party constitution. We must not lower the criterion by automatically judging those without big problems as qualified ones. We must judge whether or not party members play an exemplary vanguard role. We should have a clear-cut stand to commend good party members and good cadres.

Shanxi Secretary Visits Earthquake Victims

HK2912044189 Taiyuan SHANXI RIBAO in Chinese
29 Nov 89 p 1

[Report by Xue Qing (5641 7230) and Wang Xiangrui (4382 3843): "Provincial Party Committee Secretary Li Ligong Presents Views on Rebuilding the Homeland and Striving for a Bumper Harvest"]

[Text] From 24 to 27 November, provincial CPC Committee Secretary Li Ligong, accompanied by Yanbei Prefectural CPC Committee Secretary Xu Shenglan [1776 3932 1526] and Commissioner Wang Shan [3769 0810], braved the wind and snow outside the Yanmen Pass and went to the four earthquake-stricken counties of Datong, Yanggao, Hunyuan, and Guangling to visit victims in over 20 villages, factories, schools, and hospitals.

It has been more than a month since the earthquake hit Yanbei. What are the thoughts and feelings of the victims? Will they be able to survive the winter in their temporary sheds? Has the food problem been truly solved? Have classes resumed? What are the difficulties faced by the victims in restoring production and rebuilding their homeland? With these questions in mind, Comrade Li Ligong personally went down to different villages in the disaster areas to inspect the damage. He walked into the warm sheds, sat on the heated brick beds, and kindly inquired about the well-being of the victims. In the village of Baocun in Datong County, which was seriously hit by the earthquake, Comrade Li Ligong walked into a warm shed shared by four peasant households. Touching the brick bed, he asked a village cadre who was sitting on it: "Do all victims have these warm brick beds?" Everyone answered in one voice: "Yes, we have." Comrade Li Ligong said: "The brick bed is the way to keep warm in the winter. It is different from the south here. We cannot do without our heated brick beds. But then you must take precautions against fire and ensure safety." In the village of Houguiren in Yanggao County, the village of Dawang in Datong County, the village of Yingzhuang in Hunyuan County, and the villages of Jingwa and Xiaoguancun in Guangling County, Comrade Li Ligong visited old party members, dependents of martyrs and servicemen, disabled service men, five-guaranteed households, the aged, the weak, and the sick who were hit by the earthquake. A five-guaranteed household in the village of Houguiren in Yanggao County had a big red character meaning "happiness" pasted on the warm shed which the collective had built for the family. Holding the hand of the provincial party committee secretary, he and his wife said excitedly: "In the old society, people hit by such a great disaster would have had to 'head west' or part with their wives and children. Today, we are well cared for by the party and the government." Comrade Li Ligong said: "The duty of the Communist Party is to serve the people. Your difficulties are also our difficulties." Comrade Li Ligong visited a brewery in Hunyuan County, a chemical fertilizer plant in Guangling County,

and a cement factory in Yanggao County to find out the extent of the damage and the work of resuming production. He went to the villages of Yingzhuang and Houguiren, Lingzhuang Township, and other disaster areas, where he saw the teachers and students and encourage the students to study hard and catch up after missing their lessons. He also went to the Datong County Hospital to see the masses who were injured during the earthquake. He paid a visit to the Cetian Reservoir to examine the crack in the main dam and instructed the responsible comrades to reinforce the dam in order to ensure the safety of the lives and property of the people living on the lower reaches. Comrade Li Ligong was very pleased to see the great enthusiasm shown by the cadres and the masses in the disaster areas in making a joint effort to fight disaster and provide relief. He said: An earthquake is an irresistible natural disaster. It is destructive. Production and construction are destroyed, but fortunately casualties are not heavy. As long as we still have people, we can use our two bare hands to rebuild our beautiful homeland.

Comrade Li Ligong heard reports, inspected damage, extensively met with the cadres and the masses, and conducted thorough investigations and studies in the disaster areas. During this trip, he presented the following important suggestions on how people in the disaster areas should prepare themselves against the cold winter, save themselves by engaging in production, and rebuild their homeland.

1. We must rouse ourselves and unite to fight the disaster. Comrade Li Ligong was very pleased to see the mental state displayed by the cadres and the masses in refusing to submit to disaster. When he saw how the cadres and workers of the cement plant in the heavily-hit Yanggao County lost no time in trying to restore production and step up technical transformation, he said: You have done very well. You should work hard at turning this old and small factory into a new and big factory, and turn something bad into something good. Comrade Li Ligong pointed out: We need to show our spirit. Fighting natural disasters is like fighting wars; in both, morale is all important. An earthquake can destroy our houses, but it cannot destroy our morale; it can shatter pots and jars, but it cannot shatter our morale. From the earthquake should come unity and vigor. As long as we work with one heart and one mind and make concerted efforts, there is no difficulty that cannot be overcome. We must educate and guide the masses so that they will: turn "fear" and "wait" into work; overcome the mentality of "waiting for relief now that our livelihood is being looked after" and "following one's own course;" overcome the mentality of blaming everyone and everything but oneself, being pessimistic, and attempting nothing and accomplishing nothing; further rouse themselves, go all out, unite to fight against the disaster; and with enhanced consciousness and vigor, strive for better achievements to repay the concern shown by the party, the government, and the people of the whole country.

2. We must rely on our own efforts in order to tide ourselves over the difficulty. Self-reliance and hard struggle is our heritage, something that is essential in our efforts to fight the disaster, provide relief, and rebuild our homeland. Hearing the village cadres in the disaster areas say that their slogan was "The earthquake cannot shake our will, and we will rely on ourselves to rebuild our homeland," Comrade Li Ligong applauded saying: "Bravo! This is precisely the kind of spirit we need in fighting disaster and providing relief." He repeatedly told the cadres and the masses: The people in the disaster areas indeed have difficulties. The party, the government, and many localities across the nation have already shown us great concern and support. However, relief is bound to be limited. The state simply cannot take care of all the losses and cannot allocate large quantities of manpower and material and financial resources to build new houses for each and everyone of us. We must not wait, rely on others, and ask for help. The situation will only go from bad to worse, and things will only be delayed if we wait. Self-reliance is not an empty statement. At present, it is particularly important that we educate the victims in the spirit of self-reliance and hard struggle. This is not something that is restricted to the sphere of livelihood but is a major task that should run through production, work, and livelihood. We must turn sole reliance on the state into reliance on the masses and on ourselves. With concerted efforts and the collective wisdom of the masses, everything can be taken care of.

3. We must give full scope to our political superiority and vigorously strengthen ideological and political work. Comrade Li Ligong pointed out: For us, the earthquake is a rigorous test. The overwhelming majority of the party cadres and the masses carried themselves well before this test. Many party cadres have demonstrated a high degree of awareness and presented a good image at the crucial moment. They have brought honor to the party banner and the people. Good people and good deeds in the course of fighting disaster and providing relief should be energetically commended and widely publicized. We must use these facts on how the party, the government, and the people of the whole country cared for and supported the earthquake-stricken areas to conduct ideological education among the masses in cherishing the party, socialism, and the motherland and in upholding the four cardinal principles. Schools in the disaster areas in particular must do a good job in this regard so that children will remember the benevolence of the party. In fighting disaster and providing relief, it is particularly important that we pay attention to giving full scope to our political superiority, the role of the grass-roots party organizations as combat bastions, and the role of the vast number of party members as exemplary vanguards. We must lead the masses in overcoming difficulties and rebuilding our homeland. We must energetically strengthen ideological and political work, dispel the misgivings of the masses, overcome erroneous ideas, boost the morale of the masses, rouse the spirit of the masses, and conduct ideological and political work

pointedly and meticulously. We must step up the combination of ideological and political work with the actual solution of problems and check from household to household to find out how the peasants in the disasters are preparing themselves for winter. Measures must be taken to help those in difficulties, with a view to ensuring that the masses can have a safe and warm winter. We must assume absolute responsibility for the masses and see to it that no one dies from cold. The local leadership should be held responsible if anyone freezes to death.

4. We must seize this time to restore and develop production as quickly as possible. The earthquake has greatly delayed industrial and agricultural production. Compared with places not affected by the disaster, the difficulties before us are much greater. We must strive to press ahead in the face of difficulties, show initiative in work, lose no time in completing those tasks which are feasible. We must not put off to tomorrow things that can be done today, let alone think that all will be well down the road, now that there are yellow coats (gifts from the PLA) to wear and warm sheds for shelter. This was repeatedly emphasized by Comrade Li Ligong. When he saw groups of peasants defying the cold weather in carrying out farmland water conservancy capital construction, peasants relying on themselves to get materials ready for rebuilding their homeland the following year, and staff and workers of factories grasping production and achieving an output still higher than before the earthquake, he said with great pleasure and praise: "This is correct. This is what we must do. Next year, we will surely be able to accomplish the dual tasks of rebuilding our homeland and reaping a bumper agricultural harvest." He urged the cadres and the masses in the villages and townships to do the following: First, they should turn the slack winter season into a busy winter season, pay attention to actual results, step up farmland water conservancy capital construction, unfold activities of manure accumulation and winter irrigation, strengthen and improve the system of agricultural services, increase investment and input of labor, and strive by each and every means to lay a good foundation for reaping a bumper agricultural harvest next year. Second, they should organize the export of labor, increase peasants' income, develop family sideline occupations, and promote the processing of farm and sideline products so that the labor force in the disaster areas will have work to do and can earn an income. Third, they should pay attention to developing and strengthening the collective economy and pool their efforts in running economic entities. To start with, they could build clusters of small-scale indigenous factories that require a small investment and can yield quick results within a short time. For instance, they could embark on projects for baking bricks, or lime, or for weaving bramble fences in preparation for rebuilding their homeland the following year. They should base their plans for these projects on their capabilities and should not be overly ambitious. Fourth, they should discuss with the masses plans for building new villages, make use of the slack farming season in winter to clear the sites, get the necessary

materials ready, raise funds, make scientific arrangements for labor, carry out rational division of labor, help one another and build the new houses by stages and in groups. Fifth, they should make the most of the last month of this year to do a good job of industrial production and improve economic results. Factories that are doing well in production should strive to do even better, while enterprises that were forced to suspend production due to the earthquake should take the necessary measures to restore production as quickly as possible.

5. Cadres at various levels must change their work style and go to places which were hardest hit to help bring about a change in their appearance. Comrade Li Ligong visited Yidouquan Township and the villages of Jingwa and Xiaoguan in the remote mountainous parts of Guangling County. There he found to his dismay that the masses had not only suffered from the earthquake but had not had enough to eat or wear all these years. He thus urged cadres at various levels to study again Chairman Mao's teachings on "wholeheartedly serving the people" and go where the conditions are the poorest and the hardest. They should show concern for the well-being of the people not only by preparing them for the winter but by keeping the long-term future in mind and making a determined effort to change the poverty stricken appearance of these places. This must be grasped firmly and well as a task of primary importance. Some of our villages and townships are still very poor 40 years after liberation. We leading cadres at various levels are responsible and should feel ashamed. As leading cadres, we should show feeling and a sense of responsibility and should do our best to lead the masses in shaking off poverty. Cadres should be transferred to these villages and townships to assume overall responsibility and do some solid work for the masses in an effort to change the poverty stricken appearance of these places as quickly as possible.

On the 27th, Comrade Li Ligong also went to Lingqiu County to inspect the work of winter farmland water conservancy construction there.

Tan Shaowen Visits Tianjin Steel Plant

SK2912070089 Tianjin TIANJIN RIBAO in Chinese
9 Dec 89 pp 1,2

[Text] Yesterday, Tan Shaowen, secretary of the municipal party committee, went to the No 3 Steel Rolling Plant to conduct a deep investigation and study, hold talks with enterprise cadres and workers, and jointly discuss major plans for overcoming the current economic difficulties and successfully carrying out improvement and rectification. He pointed out: The key to successfully implementing the guidelines of the fifth plenary session, and in fulfilling the tasks of improvement, rectification and deepening reform, lies in the efforts of leaders at all levels in enhancing their spirit, relying on the masses, and overcoming difficulties.

Yesterday morning, Comrade Tan Shaowen took a car to the No 3 Steel Rolling Plant to visit workers and staff members on the forefront of production. At a workshop, he cordially shook hands with workers in front of the steel-smelting furnaces and at the operation desks, asked about details of their work and lives, and conscientiously looked into the production situation. After that, he held a forum of cadres and workers of the plant.

It was stated at the No 3 Steel Rolling Plant: "There are difficulties every year, but we can manage to overcome them and spend the year fairly well. What counts is our work." The key to successfully carrying out our work lies in leadership. This plant encountered serious difficulties and a comprehensive shortage of funds, raw materials, and energy this year, which caused it to reduce profits by more than 30 million yuan. With an active and enterprising spirit, leaders of this plant relied on the wisdom and strength of all workers to overcome difficulties and made the plant greatly increase its total amount of profits and taxes under a situation of a decline in output and output value. From January to September, this plant created a total of 96.605 million yuan in profits and taxes, an increase of 23.8 percent over the same period of last year, the best record in history. It is expected that by the end of this year, the total amount of profits and taxes created by this plant will exceed 100 million yuan. If so, Tianjin Municipality will have one more major unit whose profits and taxes exceed 100 million yuan.

Comrade Tan Shaowen asked about details of the plant leaders' efforts in wholeheartedly relying on the working masses to successfully carry out their work. During the past year, leaders of this plant used various forms to accurately tell the workers about the situation, difficulties, and tasks facing the enterprise and urged them to come forward with ideas and plans. Many problems were easily solved after really mobilizing the enthusiasm of the masses. This plant suffered a shortage of more than 50 percent of raw materials this year. After innumerable hardships, the supply and marketing personnel found 270,000 tons of raw materials from all localities throughout the country and thus guaranteed the normal operation and production of the plant. Because the sales of some products were not good, the engineering and technical personnel worked together with the broad masses of workers to develop and manufacture a group of new products that were required on the market. This helped the enterprise increase profits by 2.88 million yuan. The broad masses of workers tried every means to carry out innovations and to repair and utilize old or discarded things. Since the beginning of this year, this plant has tackled 19 technical problems, offered 849 rational suggestions, of which 444 were put into practice, repaired and utilized 134 old or discarded things, and tapped potential to increase income by 10.59 million yuan.

After hearing briefings given by plant leaders, Comrade Tan Shaowen said happily: At present, the municipality and various bureaus and enterprises have studied ways to successfully carry out improvement, rectification, and the deepening of reform in an effort to overcome the difficulties lying ahead. Judging from your situation, the key to success really lies in our work.

There are two attitudes towards difficulties. One is the attitude of fearing hardships and being pessimistic and inert, while the other is forging ahead despite difficulties and going forward in high spirit. We should adopt the latter one and should not be depressed in the face of difficulties. As long as leaders maintain an active and enterprising spirit, wholeheartedly rely on the masses, and work diligently, they will be able to overcome many difficulties. We must try all possible ways to minimize the losses caused by economic difficulties and strive to push production forward. Comrade Tan Shaowen said: During the past few years, many enterprises in our municipality created many experiences in overcoming difficulties. From the experience of the No 3 Steel Rolling Plant, we may recognize the following few points of enlightenment: 1) Leading bodies must have a good mental attitude. In the face of difficulties, leading bodies should strengthen unity all the more, form joint forces, and coordinate with and support one another. They should all the more adopt an active and enterprising spirit, exert painstaking efforts, dare to face difficulties squarely and overcome them, and seek development to strengthen circumstances. 2) We should pay attention to strengthening the internal management of enterprises. At present, we still have great potential in energy, raw materials, and in the utilization of funds and material consumption. We should improve quality through strengthening management and should raise economic results through tapping potential. In the course of improvement and rectification, we should combine strengthening of management with deepening of reform and persist in the effective reform measures, such as signing contracts within enterprises and setting up banks inside enterprises, and continue to make improvements and progress on the basis of the achievements already made. In addition, it is necessary to vigorously strengthen workers' ideological and political work and fully mobilize the enthusiasm of the broad masses of workers. 3) We should strengthen operational and technological progress. Attention should be paid to conducting conscientious market investigation and study. We should rely on technological progress to readjust the orientation of products in line with market demands, and we should strengthen enterprises' adaptability and competitiveness in the market. At present, although the market is sagging, our actual market potential is great.

We should strengthen our sense of business and combine the efforts of workers and businessmen in a better manner in an effort to actively develop the market. 4. We should sincerely rely on the masses. Relying on the masses will help us not only overcome economic difficulties, but also strengthen in the broad masses the workers' sense of being masters of their own affairs. We must realistically rely on the masses and must not just pay lip service. It is necessary to tell the masses about the difficulties, problems, and tasks, and conscientiously listen to and accept their views and suggestions. 5) Attention and care should be given to the living conditions and the livelihood of the masses. The municipal party committee and government have given fairly

meticulous consideration to the living problems of the masses and have made arrangements for them. Under the current difficult economic situation, we should care all the more for the livelihood of the masses. The party and government leaders at all levels and various mass organizations should strive to do more substantial things for the masses. We should organize the mass organizations, promote the practice of showing mutual concern and support for one another, make the people notice the collective strength in the face of difficulties, feel the warmth of the collectives in the course of leading an austere life, and form a good social habit of having all the people care for the country, the collectives, and other people.

Professor Views History of 'Taiwan Independence'

HK2612094789 Beijing RENMIN RIBAO OVERSEAS EDITION in China 21 Dec 89 p 5

[Speech at forum on Taiwan situation by Xu Bodong, director of Taiwan Research Institute of the Literature and Law School of Beijing United School: "Historical Origins of 'Taiwan Independence' Idea"—date, location not given]

[Text] Since the Kuomintang (KMT) moved to Taiwan, it has always claimed that it was the "orthodox regime" of China and reiterated that its "holy mission" is to reunify China. For some 30 years, during which "martial law" was enforced, the KMT authorities always strictly banned or outlawed ideas and views advocating "Taiwan independence."

Such being the case, how has the "independence" issue arisen in Taiwan? And how has it daily developed in recent years and consequently spread unchecked and run rampant?

The "Taiwan independence" idea has deep historical origins and complicated internal and external backgrounds. Before Taiwan was recovered, there were no "Taiwan independence" ideas or "Taiwan independence" organizations. However, we must see that "Taiwan is a place for the people of Taiwan." This sort of "regionalism" has given rise to the so-called "sense of belonging to Taiwan," which really exists among the broad masses of Taiwan compatriots.

The "sense of belonging to Taiwan" can, of course, be traced to the ancient historical past, but I think the most decisive factors contributing to it are: First, after the Sino-Japanese War of 1894-1895 and the conclusion of the Treaty of Shimonoseki, the corrupt and traitorous Qing Government shamefully betrayed Taiwan, causing it to suffer the bad effects of China's weakness and poverty and become the single "deserted land" of China. Therefore, it has since harbored some hatred toward China.

Second, Japan exercised brutal colonial rule over Taiwan for half a century, and Taiwan compatriots suffered the humiliating and miserable "second class citizens" treatment. Therefore, there naturally emerged a "strong sense of belonging to Taiwan in opposing the Japanese."

In addition, when Taiwan compatriots were carrying out their protracted and arduous struggle against Japanese colonial rule, China was being split and divided as a result of domestic trouble and foreign invasion. It was not even able to defend itself and did not, and was not able to, offer due support and assistance to Taiwan compatriots. At the same time, Taiwan compatriots had never had the extravagant hope of receiving assistance from the motherland. Therefore, ideas arising from the "sense of belonging to Taiwan" began to take shape, such as "China is hopeless," "Taiwan is the land for the people of Taiwan," and "the people of Taiwan must save themselves on their own."

What do you think of the "sense of belonging to Taiwan," which is generally popular among Taiwan compatriots and was established as a result of the above historical factors? In the past, most researchers used to negate its presence. However, I think that it has the following two significant meanings:

First, externally, this "sense of belonging to Taiwan" was a positive encouragement for the people of Taiwan to oppose the Japanese colonial rule. It should be affirmed and praised.

Second, internally, its negative effects are that they have lost hope in China and have even been on bad terms with it. If this mentality is not properly handled it will change to "a separatist idea" and "a tendency toward independence." Nonetheless, before it "changes," it is, after all, a manifestation of "a regional idea" which is essentially different from the "separatist idea" and "independence idea." We must not confuse them. In reality, the "sense of belonging to China" still prevails among the broad masses of Taiwan compatriots.

This is also the fact. Despite the fact that the Qing Government shamefully betrayed Taiwan to Japan, Taiwan compatriots still had a strong inseparable affection for the motherland. After the Treaty of Shimonoseki was signed, Taiwan appealed many times to the Qing Government to provide arms in a struggle against the occupation by the Japanese invaders. It also sent a telegraph to the Qing Government saying, "Taiwan belongs to the holy dynasty forever." During half a century of Japanese occupation, the people of Taiwan never stopped resisting it. They had never forgotten that they were Chinese. Despite the fact that Taiwan was once separated from China for nearly 50 years as a result of the Japanese colonial rule, and the fact that a sort of "sense of belonging to Taiwan" had been established, there had not been any separatist idea among Taiwan compatriots advocating Taiwan independence from the motherland. The "sense of belonging to China" was deeply rooted and could not be shaken. During the Japanese occupation of China, large numbers of Taiwan compatriots returned to China and risked their lives to defend it against the Japanese. After Japan surrendered and Taiwan was returned to China, Taiwan compatriots joyfully went back to Taiwan. When the KMT troops "received" Taiwan, they were greatly welcomed by Taiwan people. This has all been proved.

Not long after Taiwan was recovered, the "Taiwan independence" movement began and it has been gaining momentum and becoming rampant ever since. What are the reasons?

After examining the 40-year history of the origins and development of the forces advocating "Taiwan independence," we have certainly found some internal and external backgrounds.

Judging from the international background, since Japan surrendered in 1945, the Japanese militarist forces were not content when Taiwan was returned to China. They were unwilling to give up their previous profits in

Taiwan. In addition, in view of its strategic interests in the Far East, the United States also attempted to encroach on Taiwan. Consequently, the American and Japanese reactionary forces cooperated to train and support the forces advocating "Taiwan independence" in an attempt to permanently separate Taiwan from China and to achieve their hidden motives.

Some people say that the "Taiwan independence" movement began after the "28 February 1947 Affair." In fact, it began as early as August 1945, when the first organization advocating "Taiwan independence" was set up soon after Japan unconditionally surrendered. At that time, some young Japanese military who were not content with their failure, organized some of Taiwan's scum, who had gained profits during the Japanese occupation period, and attempted to start the movement for Taiwan's independence and self-government, but to no avail. Some historical data prove that before this, the United States had the intention of supporting "Taiwan independence."

That is to say, even if the "28 February Affair" had not happened, the "Taiwan independence" movement would still have taken place. This is the natural consequence of the policies pursued by the United States and Japan toward China after the war. As a matter of fact, the "Taiwan independence" movement could not have existed and developed without the support and protection of the reactionary forces after the "28 February Affair." Although the "Taiwan independence" movement originated in Hong Kong, it quickly spread to Japan. Toward the end of the 1960's, its center of activities moved gradually from Japan to the United States. Today, the United States is still the headquarters for overseas "Taiwan independence" activities. Without the support of the American and Japanese reactionary forces, the "Taiwan independence" movement would not have been able to hold out for even a single day.

The development of the "Taiwan independence" movement in the island thereafter, and the collaboration of the "Taiwan independence" forces from overseas and on the island, are all products of the policy pursued by the United States toward China. Before the United States and China established diplomatic relations, the United States vigorously created "two Chinas," or "one China, one Taiwan." It supported the KMT Government in opposing the call for reunification by the people's regime on the mainland, while, on the other hand, it supported the "Taiwan independence" elements in pinning down the KMT Government, causing it give up the dream of

"counterattacking the mainland" by pursuing the "Taiwanization" and "localization" policies. After Sino-U.S. diplomatic relations were established, a minority of politicians in the U.S. Congress and U.S. academic organizations even publicly supported the "Taiwan independence" movement by encouraging and propping up "Taiwan independence" elements. These policies and activities are the external reasons for the daily expansion and development of the "Taiwan independence" movement in recent years.

As far as the national background is concerned, since the two sides across the strait have long been separated and antagonistic toward each other, this situation has prepared the hotbed for the survival and development of "Taiwan independence" forces. To be more specific, I think that we should examine the following two aspects:

Judging the situation on the island, after the KMT fled to Taiwan it exercised autocratic rule over it for some 40 years. This has caused intense discontent among the broad masses of Taiwan compatriots and made the "sense of belonging to Taiwan," which some Taiwan compatriots already had, even stronger.

Since Chiang Ching-kuo passed away there have been tremendous changes in the upper-stratum power structure, and the Taiwan authorities have speeded up "democratization" and "localization," which is an about-turn from the previous strict policy toward those advocating "Taiwan independence." They have leniently "turned a deaf ear" to the statements and actions advocating "Taiwan independence," thus gradually making room for the survival of "Taiwan independence" forces. In recent years the Taiwan authorities have vigorously pursued the so-called "flexibility diplomacy" and "dual recognition" policies. They are actually creating "two Chinas," or "one China, one Taiwan," in an attempt to obtain "the independent international personality of Taiwan" "and to return to the international community." These policies produce the same effects as advocating "Taiwan independence." In view of this, their policies have lost the moral basis to refute and ban advocating "Taiwan independence." This can only help the growth of the "Taiwan independence" idea. Owing to the anti-communist and antagonistic propaganda the KMT has spread for some 40 years, Taiwan compatriots suffer from "communist phobia," and the kind of idea which has evolved over a long period of time can hardly be eliminated in 1 day. This is the problem and factor we must not neglect.

In a word, the origin and development of the "Taiwan independence" idea definitely has a long history and complicated internal and external backgrounds.

Premier Sees 'Bankruptcy' of European Communism

OW3012001489 Taipei CNA in English
1459 GMT 29 Dec 89

[Text] Taipei, Dec. 29 (CNA)—Premier Li Huan of the Republic of China [ROC] said Friday that significant changes might happen shortly on the Chinese mainland following recent democratic revolutions in communist-controlled East European countries.

"We must brace ourselves to cope with such possible changes," the premier noted.

Li made his remarks at a seminar on "Mainland China's Prodemocracy Movement and China's Future," held at the Institute of International Relations, National Chengchi University.

Li said the world is undergoing a "silent war" between liberalism and communism, with economic systems and ideologies as major weapons. The recent changes in one after another East European country signify some bankruptcy of communist ideology. If Communist Chinese leadership fails to grasp this trend, the Peking regime is doomed to collapse. Li also pointed out that the Communist Chinese authorities are unlikely to undertake major political and economic reforms. A well-founded independent organization thus should be established on the mainland to challenge the Communist Party dictatorship, he stressed.

Li continued that the Republic of China Government will insist on a "one China" policy, with national unification as its ultimate goal. The government will maintain the island's security while taking the initiative to promote steady civilian exchanges across the Taiwan Straits. The government will use only peaceful means to resolve across-the-strait problems and will adjust its mainland policy depending on changes there, he pledged.

Li said the seminar is expected to have significant impact on the mainland's prodemocracy movement as well as on the government's future policy towards the mainland. He urged the participants to present their opinions on how to help stimulate changes on the mainland through peaceful and democratic means.

Scores of local academics and exiled Mainland Chinese dissidents are attending the 2-day seminar.

Official Says Early Reunification Impractical

OW2812051789 Taipei CNA in English
0243 GMT 28 Dec 89

[Text] Taipei, Dec. 28 (CNA)—A ranking Republic of China [ROC] official said Wednesday that it would be unpractical for the ROC to seek either the prompt unification of China or the independence of Taiwan.

Ma Ying-jeou, chairman of the Research, Development and Evaluation Commission, reiterated the Government's position that China should be unified, but should

only be unified under a system that can ensure all Chinese people freedom, democracy, and prosperity.

Without these preconditions, any proposal to bring the two sides of the Taiwan Straits together is meaningless, he added.

Ma, concurrently executive secretary of the cabinet-level Mainland Affairs Task Force, made his remarks in a meeting with the four leaders of the Independent Federation of Chinese Students and Scholars (IFCSS) in the United States. The group headed by IFCSS Chairman Liu Yongchuan is here on a fact-finding visit.

IFCSS was formed after the Chinese Communist regime brutally cracked down on prodemocracy student demonstrations in Tienanmen Square last June 4. Representing the tens of thousands of Mainland Chinese students and scholars in America, the organization supports the democracy movement on the mainland.

Ma assured the four mainlanders that the ROC Government has been closely watching the development of the democracy movement on the communist-controlled mainland and has been concerned about the fate of mainland dissidents.

"After all, the mainland is our national territory, and the mainland people are our compatriots," he stressed.

He added, however, that since Peking has maintained a hostile attitude toward Taiwan, the ROC Government must be cautious in formulating its mainland policy and must decide on bilateral ties in accordance with future developments.

The ROC's mainland policy is to promote civilian exchanges and relations between the two sides of the straits "gradually and stably" in order to spread the Taiwan development experiences on the mainland, Ma said. This will pave the way for an eventual unification.

The four IFCSS leaders also visited the Council of Agriculture and the Government Information Office Wednesday.

Trade Surplus Exceeds \$14 Billion

OW2912200289 Taipei CNA in English
1037 GMT 29 Dec 89

[Text] Taipei, Dec. 29 (CNA)—The Republic of China's [ROC's] 1989 two-way trade is expected to reach 118 billion U.S. dollars with favorable surplus surpassing 14 billion U.S. dollars, according to the latest statistics of the Ministry of Economic Affairs [MOEA].

Since December 1989, the nation's exports had grown steadily despite earlier predicted economic slowdown, the statistics showed.

In the first 23 days of December, the nation's exports totaled 4.31 billion U.S. dollars, up 16.9 percent from

the same period of 1988; while imports amounted to 3.01 billion U.S. dollars, showing an increase of 5.6 percent.

During the Jan. 1-Dec. 23 period, the country's bilateral trade registered 116.28 billion U.S. dollars with trade surplus topping the 14.03 billion U.S. dollar, mark. Since it was a 32.4 percent increase over the corresponding period of 1988, it was a development worth attention, the MOEA said.

Indigenous Fighters Pass Flight Tests

*OW2912041789 Taipei CNA in English
0230 GMT 29 Dec 89*

[Text] Taipei, Dec. 29 (CNA)—The Republic of China's first two indigenous defensive fighters (IDF) passed a series of acid test flights in 35 minutes Wednesday.

The Defense Ministry announced Thursday that Colonel Wu Kang-ming piloted No. 1 IDF, which was grounded for a broken gear on Oct. 29, and Colonel Wu Ke-chen manned No. 2 fighter to take off at 2:05 p.m. Wednesday.

The two IDFs formed close and distant teams, zoomed up and down, made swift turns and flew in low altitudes before making turn-landings safely, the announcement said.

It said the successful test fly proved that the locally developed fighter, which President Li Teng-hui christened "Ching-kuo," has no design or structural problems.

In its first public test flight on Oct. 29, the No. 1 IDF, piloted by Col. Wu Kang-ming, broke its landing gear and had 2 tires flattened as it passed over an arresting cable.

Hong Kong

Spokesman Says Abode Act Violates Pact

HK3012092389 Beijing ZHONGGUO XINWEN SHE
in Chinese 0830 GMT 30 Dec 89

[Text] Beijing, 30 Dec (ZHONGGUO XINWEN SHE)—Today, a spokesman of the Chinese Foreign Ministry issued a statement on the decision of the British Government to allow some Hong Kong residents to change their nationality. The following is the full text of the statement:

On 20 December, the British Government unilaterally announced that it had decided to give 50,000 Hong Kong families (225,000 persons) the status of British citizenship, including the right of abode in the United Kingdom. The Chinese Government is surprised by the move of the British Government.

The move of the British side has violated its solemn promise. Five years ago, during the talks on the issue of Hong Kong, an understanding on the issue of the nationality of Hong Kong residents was reached. The two sides exchanged memorandums on such a basis. The memorandum of the British side stipulates: "All persons who on 30 June 1997 are, by virtue of a connection with Hong Kong, British Dependent Territories citizens (BDTC's) under the law in force in the United Kingdom will cease to be BDTC's coming to effect from 1 July 1997, but will be eligible to retain an appropriate status which, without conferring the right of abode in the United Kingdom, will entitle them to continue to use passports issued by the Government of the United Kingdom." Like the memorandum of the Chinese side, the contents and the wording of the memorandum of the British side were defined through consultations by both sides.

Over the past several weeks, the British side has repeatedly claimed to continuously abide by the Sino-British Joint Declaration and to restore the Sino-British cooperative relations but has gone back on its word, disregarded the relevant agreements reached by the Chinese and British sides, and unilaterally decided to give some Hong Kong residents full British citizenship status. The British side also announced that it would reserve a certain number of the above-mentioned 50,000 families so as to give "a chance to those who will possibly take up key posts in Hong Kong" in the "later years" near 1997. The British side has also called on the "partners and allies" of Britain to follow Britain and to follow suit and openly attempted to "internationalize" Chinese residents in Hong Kong.

The decision of the British Government will surely create contradictions among the Hong Kong residents and lead to division and antagonism. In fact, since the promulgation of the decision, some chaos has been aroused among the Hong Kong residents. All this is

obviously disadvantageous to the stability and prosperity of Hong Kong. All people who are concerned with the future of Hong Kong cannot turn a blind eye to it.

The Chinese Government demands that the British side evaluate the overall situation and change the above-mentioned incorrect way; otherwise, it must accept a series of consequences arising therefrom. The Chinese side reserves the right to adopt corresponding measures for this.

Mainland Basic Law Drafter Views Election Plan

HK1712044089 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 17 Dec 89 p 1

[By Chris Yeung]

[Text] Senior mainland official Mr Li Hou said yesterday China had no plans to alter the decision by Basic Law drafters that the number of directly elected seats in 1997 be pegged at 18.

He added that Beijing was not trying to tighten its grip on Hong Kong by slowing the pace of democracy and that the draft provision that future legislators should ultimately be directly elected would not be changed.

Mr Li and Mr Lu Ping, both deputy directors of the State Council's Hong Kong and Macao Affairs Office, were commenting on the sessions of the sub-groups studying the future political system and relationship between China and Hong Kong which ended yesterday.

Defending the decision to confine the share of direct seats to the first post 1987 legislature to 18, or 30 percent of the whole legislature, Mr Li said it was more "lenient" than those of the "Cha-Cha" proposal, which only provides for about 27 percent.

He maintained the share was already a compromise among the three models discussed, including the bicameral model, the composite model and the so-called "3-3-3" model.

He said the present share was higher than that which the bicameral model called for, which was only one-quarter.

"The question of tightening up control does not exist," he said.

Mr Li said they were yet to decide on how the rest of the seats should be allocated because "views were still divided and conditions were not ripe".

"But I'm convinced the final blueprint will not be the original form of any models," he said.

Mr Li said the 16-member political sub-group would maintain close dialogue in the next few weeks in order to reach a consensus at another four-day session next month.

He maintained calls for a faster pace of democratisation program only emerged after June 4.

Mr Li said: "Hong Kong people were not so calm over a considerable period of time after June 4. They were too emotional. After all, the future political system should be considered by taking into account the long-term prosperity and stability of the territory. We never oppose democracy."

"Hong Kong people are getting more calm now. It should help solve the dispute over the political system," he said.

Turning to the curbs on the political activities of overseas political groups and links between local groups with overseas counterparts, Mr Lu said local groups should be prohibited from receiving regular funding from overseas.

He added the Basic Law did not specifically deal with the ruling party in China, the Communist Party and other political parties in Taiwan, such as the Democratic Progressive Party.

Mr Lu said the Basic Law also did not say foreign nationals would be prohibited from participating in local political groups.

He spoke against any attempt to use Hong Kong as a base to promote democracy and freedom on the mainland, adding Hong Kong compatriots should channel their views over mainland development through legal means such as the National People's Congress and the Chinese People's Political Consultative Conference.

Earlier in the morning, the political sub-group decided to postpone a decision on a controversial proposal to have the nominees for the chief executive screened by China before local elections took place.

Hong Kong co-convenor of the sub-group, Dr Raymond Wu Wai-yung said: "There might be unnecessary controversy if the provision is inserted now."

Commentary Emphasizes Cooperation

HK2112090189 Beijing ZHONGGUO XINWEN SHE
in Chinese 1159 GMT 12 Dec 89

[Commentary by reporter Chen Liyu (7115 4539 1342): "Hong Kong and the Mainland Should Attach Greater Importance to Economic Cooperation"—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 12 Dec (ZHONGGUO XINWEN SHE)—Recently, there have been twists and turns in the relations between the mainland and Hong Kong. Political affairs have become the focus of attention, and economic affairs have entertained less concern. However, on the eve of the fifth anniversary of the official signing of the Sino-British Joint Declaration, if we recall what has happened in the 1980's, which are coming to an end, we can see that increasing economic cooperation will be more beneficial to both sides, especially at a time in their relations when "the sun shines again after the rain."

Since the beginning of the 1980's, despite differences in systems and in the life-styles between the mainland and Hong Kong, the economic cooperation between the mainland and Hong Kong has developed rapidly, because the mainland has put an end to the practice of closing the country to international association and has implemented a policy of opening to the outside world, and particularly because the Chinese Government has followed the spirit of "one country, two systems" and seeking common ground while reserving differences since the signing of the Sino-British Joint Declaration. Both sides have greatly benefited by such cooperation. The mainland has made use of funds, technology, qualified personnel, and experience in management introduced from Hong Kong to gradually develop its market abroad. On the other hand, various foreign countries (and regions) have also regarded Hong Kong as a "bridgehead" in their advance into China and have increased investment and set up offices in Hong Kong.

Since its founding, New China has experienced several political disturbances, but even during the period of the extremely "leftist" Cultural Revolution, China never interfered in the economic development and the ways of living in Hong Kong. China has been increasing, instead of decreasing, its supply of means of livelihood to Hong Kong. One of the important reasons is that Hong Kong is of great economic importance to the mainland.

In the past few years, Hong Kong has provided the mainland with about one-third of the mainland's total income of foreign exchange, and the mainland has attached even greater importance to Hong Kong's position. Economic cooperation between the two sides has expanded from trade alone to nearly all economic fields, including finance, industry, science, technology, communications, tourism, and so on. The close cooperation has developed to such an extent that "the loss or prosperity of one side will affect that of the other." The result is that both sides have obtained tremendous economic benefits.

If we say that the CPC was able to persistently safeguard Hong Kong's interests even in the first 30 years after the founding of the People's Republic, it surely has a stronger desire to do so today when it has pursued a policy of opening to the outside world and has attached great importance to modernizing China's economy. This is because Hong Kong has a much more important position and is playing a much greater role than before, particularly since the center of the world's economy was shifted to the Asia-Pacific region.

If we recall what has happened in the 1980's, we shall see the truth of the above conclusion. In 1978, export of Hong Kong products to the mainland amounted only to 80 million odd Hong Kong dollars. In 1988, such export already reached 38 billion odd Hong Kong dollars. The increase in 10 years was over 460 times. On the other hand, in 1978, goods imported from the mainland to Hong Kong amounted to 10.5 billion odd Hong Kong

dollars. In 1988, such imports rose to 155 billion odd Hong Kong dollars. The increase was 13.8 times.

As a result of such changes, in 1980 the mainland began to become the biggest market for foreign goods imported via Hong Kong. In 1982, the mainland restored its position as the biggest source of goods supplied to Hong Kong. In 1984, the mainland became the second biggest market for Hong Kong's products. In 1985, the mainland further became Hong Kong's biggest trade partner.

Regarding mutual investment, organizations funded by China in Hong Kong have increased from just a handful to more than 1,000 in the past 10 years or so. Their investment is made in finance, real estate, industry, tourism, and other trades. At the same time, Hong Kong's businessmen have invested in 12,000 enterprises on the mainland, and the amount of direct investment actually used has exceeded \$5 billion, accounting for nearly 70 percent of the investment made by foreign businessmen on the mainland.

In addition, in cooperative forms such as processing imported materials with given designs and compensation trade, much of Hong Kong's manufacturing trade has shifted to the north. In the Zhujiang Delta alone, there are more than 15,000 enterprises employing about 2 million people doing this kind of business. The number of people employed in these enterprises has doubled that of the existing industrial workers in Hong Kong. In this way, Hong Kong's difficulty in the rising cost of production for its products resulting from labor shortages, high wages, and high land prices has been alleviated. This has also provided more jobs for surplus labor on the mainland.

What has been mentioned above may not be exhaustive, but it is sufficient to make clear the closely related economic interests of the two places.

The history of the 1980's has shown that the difference in systems between the two places does not affect economic cooperation between them, and both places are benefited by their cooperation. During the transitional period, so long as the Chinese and British Governments seriously fulfill their respective commitments, Hong Kong's economy will only develop for the better.

The mainland's policy of opening up to the outside world has become something independent of man's will, and as long as the mainland continues such a policy, Hong Kong's economic position will not be easily replaced.

Macao

Commentary Discusses Politics, Economy

HK2912142689 Beijing ZHONGGUO XINWEN SHE
in Chinese 1317 GMT 22 Dec 89

[Commentary by staff reporter Zhong Zhengxiang (6945 1767 4382): "The Macao Political Arena Has Been

Active this Year and Its Economy Has Developed Steadily and Safely"—ZHONGGUO XINWEN SHE headline]

[Text] Macao, 22 Dec (ZHONGGUO XINWEN SHE)—The political atmosphere has been lively in Macao this year and its economy has developed smoothly. With many major public projects under construction, Macao appears full of vigor and vitality.

The drafting of the basic law for Macao has become the main topic of conversation. Because this work is of great importance to the stability and development during the transition period and to the prosperity and progress in the next 50 years and is closely bound up with every resident's vital interests, people have paid close attention to it since preparations for setting up the Macao Basic Law Consultative Committee [BLCC] began early this year. The 90-member Macao BLCC, which is characterized by "openness, practising democracy in doing things, and youthfulness," was set up in May this year and immediately began drafting the basic law for Macao. Though the Beijing incident, which happened as spring changed to summer, had affected BLCC operations, people calmed down in no time and became realistic, trying their best to work out a high quality basic law with Macanese characteristics.

The passing of the "Basic Law Structure of the Macao Special Administrative Region (Draft)" and the setting up of five special subgroups within the Drafting Committee [as received] showed that the drafting work had entered an in-depth stage. Though the draft Basic Law Structure remains imperfect, it is generally believed that it is the following: it is the fruits of concerted efforts by all sides in Macao; it conforms to the spirit of the Sino-Portuguese Joint Declaration; it reflects the principles of "one country, two systems," "Macao people administering Macao," "a high degree of autonomy," and the current actual conditions in Macao; and it includes the opinions, suggestions, and aspirations of Macao residents.

The Sino-Portuguese Joint Liaison Group was stationed in Macao this spring. After many rounds of negotiations, the two parties reached a consensus over the implementation of the Sino-Portuguese Joint Declaration, the transfer of administrative power in 1999, and the localization of the official language, civil servants, and laws. They also came to an agreement on Macao's participation in the General Agreement on Tariffs and Trade and the International Maritime Organization. That the two sides were able to achieve the above results shows their sincere wish to cooperate with each other.

What made the citizens happy was that the Macao Government implemented the following ordinance this summer: Any laws, ordinances, and orders promulgated, and forms prepared by the government, must be in Chinese and Portuguese; and residents are allowed to use either Chinese or Portuguese in their contacts with government bodies. This put an end to the practice by

which only the Portuguese language was considered the official language. But the localization of the civil service has made little progress, especially on the problem of appointing Chinese high- and mid-level government officials. Many people of insight are worried that if the government does not speed up the localization of the civil service, there will be no qualified people to succeed the posts left vacant by the outgoing high- and mid-level government officials when the Special Administrative Region government takes over sovereignty, and it will certainly affect the continuity of operations in government bodies.

Macao's economy as a whole has slowed down this year. The Macao Government has predicted an economic growth rate of about 5 percent, a decrease of 2.5 percent compared with last year.

The depression in exports, which is the greatest latent crisis for Macao's economy, the growing protectionism in Western markets, the decreased internal demand within the European Community, an increase in competitors in neighboring regions, repeated appreciations of the pataca, and other unfavorable factors caused exports of Macao's industrial products to suffer. The latest statistics provided by the Macao Government Statistics Department show that the gross export value for the first 7 months of this year was 7.2 billion pataca. This is an increase of 7.4 percent on the corresponding period last year but shows zero growth when allowing for inflation. Last year witnessed a decrease in exports of industrial products, and the situation remains unchanged this year, which worries local industrialists. The construction and real estate industries also entered a readjustment period following last year's boom, the area covered by private construction was reduced, property business slackened, and the price of premises dropped a little. However, the price of premises only dropped by 10 to 15 percent and the rental value remained stable. In

addition, residents are still showing interest in buying premises, so the real estate market remains optimistic.

The tourist industry outshines others, constituting a characteristic of Macao's economy this year. There has been a big increase in tourists from Hong Kong, greatly boosting tourist revenue and also enabling an unprecedented boom in the service, recreation, and gambling industries. It is predicted that gross profit from gambling alone increased by 42 percent compared with last year. The total number of tourists for the whole year will top 6 million for the first time, registering a growth for the 15th consecutive year.

The finance industry developed better this year than last, and there has been a remarkable increase in bank deposits and loans. Uncollectable accounts have been brought under control, and all banks made a profit.

There has been a big increase in Macao Government revenue, which will top 3 billion pataca, an increase of over 50 percent in real terms over last year, with the surplus for the whole year running to 1 billion pataca.

The smooth progress of the Macao International Airport, deep-water port, Colina da Guia tunnel, and other major projects, together with the intense preparations for the construction of the new Macao-Taipa bridge, Taipa New Town, Macao Industrial Village, New Port Passenger Transport Building, instills great vitality into Macao's economy and encourages Macao people in their ambitious efforts to build a more prosperous Macao. When finished, these major projects will not only form an independent transport system and diversify the city functions, thus strengthening its competitiveness in world trade and its status as a free port, but also directly promote the economic development of Taipa and Coloane, two outlying islands, and the development of the tourist and construction industries and commerce.

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